

***United States Court of Appeals  
for the Second Circuit***



**JOINT APPENDIX**





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OF SERVICE

77-7035

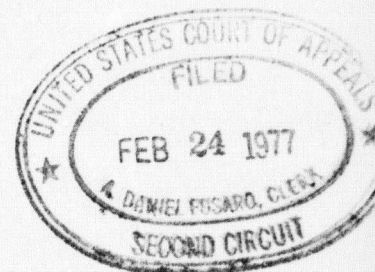
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**UNITED STATES COURT OF APPEALS**

*for the*

**SECOND CIRCUIT**

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STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC.,

Plaintiffs-Appellants,

v.

PELLON CORPORATION,

Defendant-Appellee.

ON APPEAL FROM AN ORDER OF THE UNITED STATES  
DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

---

JOINT APPENDIX

---

BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN  
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(6109)

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## DOCKET ENTRIES

|        |    |      |    |    |    |   |     |   |  |  |  |      |  |    |      |
|--------|----|------|----|----|----|---|-----|---|--|--|--|------|--|----|------|
| 0208-1 | 76 | 5011 | 11 | 10 | 76 | 3 | 830 | 1 |  |  |  | 0855 |  | 76 | 5011 |
|--------|----|------|----|----|----|---|-----|---|--|--|--|------|--|----|------|

## PLAINTIFFS

STAFLEX COMPANY and  
THE HARODITE FINISHING CO., INC.

## DEFENDANTS

KNAPP J.

PELLON CORPORATION.

RL

## CAUSE

Action for Non-Infringement and Invalidity Patent.

## ATTORNEYS

Blum, Moscovitz, Friedman & Kaplan  
730 Third Ave  
N.Y.C. 10017  
(212) 867 2200

BURGESS, DINKLAGE, SPRUNG  
600 Third Ave  
N.Y.C. 10016

|                                                                                        |                  |                |             |                   |             |
|----------------------------------------------------------------------------------------|------------------|----------------|-------------|-------------------|-------------|
| <input type="checkbox"/> CHECK<br>HERE<br>IF CASE WAS<br>FILED IN<br>FORMA<br>PAUPERIS | FILING FEES PAID |                |             | STATISTICAL CARDS |             |
|                                                                                        | DATE             | RECEIPT NUMBER | C.D. NUMBER | CARD              | DATE MAILED |
|                                                                                        | NOV 10 1976      | 67857 ✓        |             | JS-5              |             |
|                                                                                        |                  |                |             | JS-6              |             |



| DATE     | NR. | PROCEEDINGS                                                                                                                                         |
|----------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 11-10-76 | 1   | Filed complaint and issued summons. (Commissioner Patents notified)                                                                                 |
| 11-10-76 | 2   | Filed order that Mindy Richenstein is appointed to serve the summons and complaint upon the deft. Clerk.                                            |
| 11-12-76 | 3   | Filed summons and affdvt of service of the summons and complaint by Mindy Richstein upon Pellon Copp by Paul McNabb on 11-11-76.                    |
| 11-16-76 | 4   | Filed notice of motion by pltff re: an order for a preliminary injunction pursuant to Rule 65 FRCP ret. 12-03-76.                                   |
| 11-16-76 | 5   | Filed memo of law by pltff re: support of its motion for a restraining order pursuant to Rule 65 FRCP.                                              |
| 11-16-76 | 6   | Filed affdvt of service of Mindy Richenstein of the motion for preliminary injunction and pltffs memo of law upon defts on 11-11-76                 |
| 12-03-76 | 7   | Filed stip & order deft's time to answer the complaint is extended to 12-31-76. Knapp J.                                                            |
| 12-03-76 | 8   | Filed stip & order pltffs motion for a preliminary injunction is adjourned to 12-10-76 etc. Knapp J.                                                |
| 12-08-76 | 9   | Filed memo of law by defts re: support of its opposition to pltffs motion for a restraining order.                                                  |
| 12-09-76 | 10  | Filed reply memo by pltff re: support of its motion for a restraining order.                                                                        |
| 12-14-76 |     | Filed memo-end on entry # 4 re: the motion is denied for the reasons stated. Knapp J. m/n                                                           |
| 12-15-76 | 11  | Filed pltff's first set of interrogatories to deft Pellon.                                                                                          |
| 1-3-77   | 12  | Filed ANSWER to the complaint by deft.                                                                                                              |
| 01-12-77 | 13  | Filed notice of appeal by pltffs to the U.S.C.A. from the order dated 12-14-76 denying pltff's motion for a restraining order. copy to all parties. |
| 01-12-77 | 14  | Filed Undertaking for Costs on Appeal in the amount of \$250.00 by Insurance Co. of N. America.                                                     |

B

## COMPLAINT

Docket No.

L-76645

JKS/kw

FILED  
U.S. DISTRICT COURT

Nov 10 2 39 PM '76

S.D. OF N.Y. *LB*UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK-----  
STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC.,

Plaintiffs,

v.

PELLON CORPORATION,

Defendant.  
-----X**76-CV-5011**  
**JUDGE KNAPP**

: CIVIL ACTION NO.

COMPLAINT

Plaintiffs allege:

1. Plaintiff, Staflex Company (hereinafter STAFLEX) is a New York Partnership having its principal place of business at 21 West 38th Street, New York, New York 10018.

2. Plaintiff, The Harodite Finishing Company, Inc., (hereinafter HARODITE) is a corporation of the State of Massachusetts having its principal place of business at Taunton, Massachusetts.

3. Defendant, Pellon Corporation (hereinafter PELLON) is a corporation of the State of New York having its principal place of business at 1120 Avenue of the Americas, New York, New York 10036.



4. This action is for a Declaratory Judgment under 28 U.S.C. 2201 seeking a declaration of invalidity and non-infringement of a United States Letters Patent based on an actual controversy between the parties. Jurisdiction is conferred on this Court by 28 U.S.C. 1338(a), with venue being proper under 28 U.S.C. 1391.

5. Upon information and belief, defendant is the owner of United States Letters Patent No. 3,914,493, issued October 21, 1975 in the name of Adolf Graber and Kurt Tischer for an alleged invention in a Iron-In Stiffening Insert. Iron-In Stiffening Inserts are commonly known in the trade as "fusible interlinings."

6. Plaintiff STAFLEX is a sales company which sells fusible interlinings.

7. Plaintiff HARODITE is a manufacturer of fusible interlinings.

8. All fusible interlinings sold by Plaintiff STAFLEX are manufactured by Plaintiff HARODITE and are purchased by STAFLEX for resale to stocking distributors and users of such goods.

9. Defendant PELLON has claimed and does now claim that the fusible interlinings sold by Plaintiff STAFLEX infringe said Letters Patent No. 3,914,493 and plaintiffs and each of them now deny such charge of infringement and assert that they have the right to manufacture and sell fusible interlinings unhampered and unmolested by said patent and by charges of infringement thereof by defendant.

10. A controversy exists between the parties in that on or about September 15, 1976, defendant brought suit against Plaintiff STAFLEX in the United States District Court for the Northern District of Georgia, Atlanta Division, alleging that STAFLEX is infringing said Letters Patent No. 3,914,493 by



manufacturing and/or selling products covered by the claims of said Letters Patent.

11. In view of the charge of infringement by defendant against Plaintiff STAFLEX for infringement of said patent, an actual controversy exists between Plaintiff HARODITE and defendant based on the manufacture by HARODITE of the goods sold by STAFLEX which are the subject of the charge of infringement.

12. Plaintiffs specifically deny infringement with respect to said Letters Patent and state that the claims of said Letters Patent, when given the scope asserted for them by defendant, are broader than the alleged invention described in said patent, and defendant is not entitled to assert such scope for said claims so as to cover fusible interlingings. manufactured by Plaintiff HARODITE and sold by Plaintiff STAFLEX.

13. Upon information and belief, U. S. Letters Patent No. 3,914,493 is invalid, void and unenforceable because:

(a) The alleged invention therein described and claimed does not amount to invention within the meaning of the patent laws of the United States;

(b) The differences between the subject matter sought to be patented in the patent and the prior art are such that, at the time of the alleged invention, the subject matter would have been obvious to persons having ordinary skill in the art to which the subject matter of the patent pertains;

(c) The patent claims a mere aggregation of a number of old elements which perform or produce no new and different function or operation than heretofore produced by said old elements;

(d) The specifications of the patent are not in such full, clear, concise and exact terms as to enable any person skilled in the art to use them;

(e) The patent fails to particularly point out and distinctly claim the elements, improvements or combinations alleged to constitute the invention or discovery thereof;

(f) The alleged invention was known and used by others in this country, or patented or described in a printed publication in this or a foreign country, before the alleged invention thereof by the applicants for the patent;

(g) The alleged invention was patented or described in printed publications in this country or a foreign country, or in public use or on sale in this country, more than one year prior to the date of application for the patent in the United States or more than one year prior to the date of application of the foreign applications on which claims of priority are based;

(h) The alleged invention was described in a patent granted on an application for patent by another, filed in the United States before the alleged invention was made;



(i) Before the alleged invention thereof by the patentee, the alleged invention was made in this country by another who had not abandoned, suppressed or concealed it;

(j) The patentee did not duly comply in all respects with the requirements of the statutes of the United States relating to the prosecution of patent applications and the prosecution was unlawful and not in compliance in all respects with said statutes and with the rules of the Patent and Trademark Office of the United States;

(k) The alleged invention does not constitute patentable subject matter under 35 U.S.C. 101;

(l) The patent does not in all respects comply with the conditions for patentability specified in 35 U.S.C. 102 and 103 and the requirements of 35 U.S.C. 112; and

(m) The patent was procured by fraud committed upon the Patent Office of the United States during the prosecution of the application in that, for the purposes of misleading the Patent Office:

(i) The patentee or his representative failed to disclose to and substantially withheld from the Patent Office prior art references and products of which they were aware prior to the issuance of the patent; and

(ii) The patentee or his representative failed to disclose to the Patent Office that goods substantially as described and claimed in the patent were in public use or on sale in the United States more than one year prior to the earliest effective date of filing to which the application may be entitled.

14. Defendant is estopped by the proceedings in the United States Patent and Trademark Office in the matter of the application for said Letters Patent No. 3,914,493 and by acquiescence in and to the rulings and rejections of the Commissioner of Patents in negotiations for said Letters Patent, and in and by the limitations imposed thereby during the prosecution thereof in the Patent Office leading up to the grant of said Letters Patent, from asserting any such scope of invention or subject matter for said Letters Patent, or any of the claims thereof, as comprehends or embraces the fusible interlinings of plaintiffs claimed by defendant to be an infringement of said Letters Patent.

15. Defendant has misused the patent in suit by improperly and unlawfully asserting the same while knowing it to be invalid and void and not infringed by plaintiffs herein.

16. By reason of the facts and circumstances hereinabove outlined in detail, there is an actual controversy between plaintiffs and defendant which is not only substantial but also adverse in character.



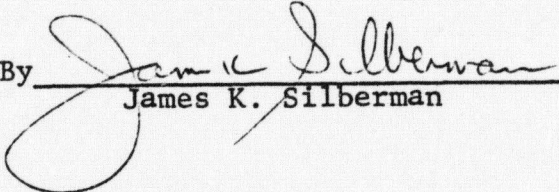
17. Plaintiffs' interest is sufficient to justify a judicial determination of defendant's assertion of infringement, defendant having the power to seriously prejudice plaintiffs' rights, all to plaintiffs' irreparable damage.

WHEREFORE, plaintiffs prays for a judgment and decree of this Court providing as follows:

- (a) That said Letters Patent No. 3,914,493 is invlaid, void and unenforceable;
- (b) That plaintiffs have not been and are not now infringing said Letters Patent No. 3,914,493;
- (c) That this Court grant a preliminary injunction pending this suit and a perpetual injunction enjoining and restraining defendant and its agents and attorneys from further asserting, contending, claiming or alleging that said United States Letters Patent No. 3,914,493 or any claim thereof, has heretofore been or is being infringed by plaintiffs, their customers or those using the fusible interlinings manufactured by Plaintiff HARODITE and sold by Plaintiff STAFLEX;
- (d) That defendant has misused its patent as alleged herein and that in consequence the patent is unenforceable;

- (e) That defendant pay the costs of this action including reasonable attorneys' fees; and
- (f) That plaintiffs' have such other and further relief as to the Court may seem just and proper.

BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN  
Attorneys for Plaintiffs  
730 Third Avenue  
New York, New York 10017  
(212) 867-2200

By   
James K. Silberman



## ANSWER

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

JAN

11 29 45 '77

28

---

STAFLEX COMPANY

THE HARODITE FINISHING COMPANY, INC., :

CIVIL ACTION NO.

Plaintiffs, :

76 Civ. 5011

v. :

PELLON CORPORATION, :

JUDGE KNAPP

Defendant. :

ANSWER


---

Defendant, Pellon Corporation, by its attorneys,  
in answer to the plaintiffs' complaint, alleges as follows:

1. Defendant denies knowledge or information sufficient to form a belief as to the truth of each and every allegation set forth in paragraphs 1 and 2 of the complaint.

2. As to paragraph 3, Defendant admits it is a Corporation of the State of New York having a place of business at 1120 Avenue of the Americas, New York, New York 10036.

3. Defendant denies knowledge or information sufficient to form a belief as to the truth of each and every allegation set forth in paragraphs 7 and 8 of the complaint.

4. As to paragraph 9, Defendant admits that it claims fusible interlinings sold by Plaintiff Staflex

infringe Letters Patent No. 3,914,493 but denies all other allegations of paragraph 9.

5. As to paragraph 11, Defendant denies knowledge or information sufficient to form a belief as to the allegation of manufacture by Harodite or controversy with Harodite.

6. Defendant denies each and every allegation of paragraphs 12, 13, 14 and 15.

7. As to paragraphs 16 and 17, Defendant denies knowledge or information sufficient to form a belief as to the existence of a controversy with or interest of Harodite.

FOR ITS AFFIRMATIVE DEFENSES, defendant alleges as follows:

8. That this action was filed by plaintiffs in this Court as a flagrant attempt at forum shopping in that defendant previously filed a suit against plaintiff Staflex in a jurisdiction where Staflex is infringing, and plaintiff Harodite is located just outside Boston, Massachusetts, near where most of defendant's corporate officers and principal manufacturing operations are located.

9. This answer is filed to prevent a default by



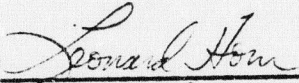
defendant but is not to be taken as an acknowledgment that this court is the proper forum to try the issues previously joined in another forum on an earlier filed complaint.

WHEREFORE, the defendant demands judgment dismissing plaintiffs' complaint, together with the costs and disbursements of this action and reasonable counsel fees.

Dated: December 29, 1976  
New York, N.Y.

Respectfully,

BURGESS, DINKLAGE & SPRUNG  
Attorneys for Plaintiffs

By   
Leonard Horn  
Registration No. 17,200

600 Third Avenue  
New York, N.Y. 10016

(212) 661-0520

## NOTICE OF MOTION AND MOTION FOR PRELIMINARY INJUNCTION

JKS/kw

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

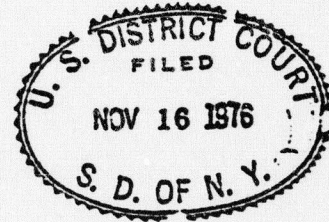
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STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC.:

Plaintiffs, : CIVIL ACTION NO.

v. : 76 CIV. 5011

PELLON CORPORATION, : JUDGE KNAPP

Defendant. :  
-----XNOTICE OF MOTION AND MOTION  
FOR PRELIMINARY INJUNCTIONTO: PELLON CORPORATION  
1120 Avenue of the Americas  
New York, New York 10036

PLEASE TAKE NOTICE that, upon the annexed Affidavit of James K. Silberman, Esq. sworn to November 11, 1976, the Affidavit of Martin Rodman sworn to November 9, 1976 and the Exhibit thereto annexed, the Affidavit of Alfred E. Gutman sworn to November 10, 1976 and upon the pleadings filed herein and the Memorandum of Law in support hereof, plaintiffs will move this Court at Courtroom 307, United States Court House, Foley Square, New York, New York, on the 3rd day of December, 1976 at 2:00 o'clock in the afternoon of that day or as soon thereafter as counsel can be heard, for an order restraining defendant, until a final determination of this action, from further prosecution of an action filed against Staflex Company, one of the plaintiffs herein, in the United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. C76-1520A.

New York, New York  
November 11, 1976BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN  
Attorneys for Plaintiffs  
730 Third Avenue, New York 10017  
(212) 867-2200

 A handwritten signature of James K. Silberman, written in dark ink, over a horizontal line.
   
James K. Silberman



AFFIDAVIT OF JAMES K. SILBERMAN SWORN TO NOVEMBER 11, 1976

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

|                                       |   |                  |
|---------------------------------------|---|------------------|
| STAFLEX COMPANY                       | : |                  |
| THE HARODITE FINISHING COMPANY, INC., | : |                  |
| Plaintiffs,                           | : | CIVIL ACTION NO. |
| v.                                    | : | 76 CIV. 5011     |
| PELLON CORPORATION,                   | : | JUDGE KNAPP      |
| Defendant.                            | : |                  |

-----X

AFFIDAVIT

|                    |   |      |
|--------------------|---|------|
| STATE OF NEW YORK  | ) | ss.: |
| COUNTY OF NEW YORK |   |      |

James K. Silberman, being duly sworn, deposes and says that:

1. I am a partner of the firm of Blum, Moscovitz, Friedman & Kaplan having offices at 730 Third Avenue, New York New York 10017. We are the attorneys for plaintiffs in the above captioned action.

2. I make this affidavit in support of plaintiffs' motion for an order restraining defendant from further prosecution of an action filed against Staflex Company, one of the plaintiffs herein, in the United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. C76-1520A.

3. The Georgia action brought by Pellon Corporation against plaintiff Staflex Company charges Staflex with infringement of U. S. Patent No. 3,914,493. A copy of the Complaint in the Georgia action is annexed as Exhibit A to the Affidavit of Martin Rodman.

4. Plaintiff Staflex is a New York partnership with headquarters in New York City. Staflex is a sales organization which sells fusible interlinings which are charged to infringe Pellon's U. S. Patent No. 3,914,493.

5. Plaintiff Harodite is a Massachusetts corporation with headquarters and manufacturing facilities located in Taunton, Massachusetts. Harodite manufactures the fusible interlinings which are charged to infringe Pellon's U. S. Patent No. 3,914,493 only in Taunton, Massachusetts and sells them only to Staflex.

6. Defendant Pellon is a New York corporation with headquarters in New York City. Pellon manufactures and sells fusible interlinings with its manufacturing facilities being located in Lowell, Massachusetts, Chelmsford, Massachusetts and Hopkinsville, Kentucky.

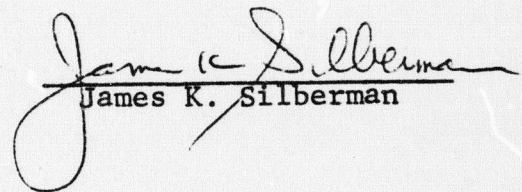
7. Plaintiff Harodite has not committed acts of alleged patent infringement and does not have a regular and established place of business in the Northern District of Georgia and is not amenable to suit for infringement of U. S. Patent No. 3,914,493 in the Northern District of Georgia.



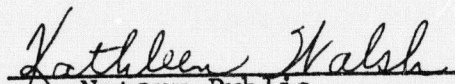
8. No executive or technical personnel of any of the parties are located in or have any connection with the State of Georgia.

9. This action is for a Declaratory Judgment of non-infringement and invalidity of Pellon's U. S. Patent No. 3,914,493. The issues in this action and in the Georgia action are identical in all respects.

10. This action will afford more complete relief on the issue of patent infringement and validity as between the parties as both the manufacturer of the allegedly infringing fusible interlinings (HARODITE) and the seller of the allegedly infringing fusible interlinings (STAFLEX) are joined in a single action.

  
James K. Silberman

Subscribed and sworn to  
before me this 11th day  
of November, 1976

  
Notary Public

KATHLEEN WALSH  
Notary Public, State of New York  
No. 30-9519210  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1978

AFFIDAVIT OF MARTIN RODMAN SWORN TO NOVEMBER 9, 1976

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

|                                       |   |                  |
|---------------------------------------|---|------------------|
| STAFLEX COMPANY                       |   |                  |
| THE HARODITE FINISHING COMPANY, INC., | : |                  |
|                                       | : | CIVIL ACTION NO. |
| Plaintiffs,                           | : |                  |
|                                       | : |                  |
| v.                                    | : | 76 C.V. 5011     |
| PELLON CORPORATION,                   | : |                  |
|                                       | : | JUDGE KNAPP      |
| Defendant.                            | : |                  |

-----X

AFFIDAVIT

|                    |   |      |
|--------------------|---|------|
| STATE OF NEW YORK  | ) |      |
|                    | ) | ss.: |
| COUNTY OF NEW YORK | ) |      |

Martin Rodman, being duly sworn, deposes and says that:

1. I am Managing Director of Plaintiff Staflex Company and reside in Great Neck, New York.

2. Staflex Company (hereinafter STAFLEX) is a Partnership operating under the laws of the State of New York with headquarters at 21 West 38th Street, New York, New York 10018. I have been Managing Director of STAFLEX for over six years.

3. STAFLEX is a sales organization which sells fusible interlinings; non-woven, non-fusible interlinings and undercollar cloth; and fusible thread. The fusible interlinings comprise in excess of 97% of the total goods sold by STAFLEX.

4. All fusible interlinings sold by STAFLEX are manufactured by coplaintiff HARODITE. STAFLEX sells a number of different types of fusible interlinings. Since STAFLEX was



formed in 1967, it has been selling sintered fusible interlinings and net applied fusible interlinings. For over four years STAFLEX has been selling powder printed fusible interlinings. STAFLEX also sells screen printed fusible interlinings in which adhesive dots are applied by the screen printing technique. Dots in a regular pattern have been sold by STAFLEX since its inception in 1967.

5. Commencing in early December 1975, STAFLEX has been selling fusible interlinings with screen applied dots in which the dots have a random pattern. The random pattern is generally known in the industry as "computer dot". On information and belief, it is the fusible interlinings in the computer dot pattern which are alleged by Defendant Pellon Corporation to infringe U. S. Patent No. 3,914,493.

6. STAFLEX is related to a British Company known as Staflex International Limited with offices in Great Britain. Staflex International Limited is the innovator and the world's leading manufacturer of fusible interlinings and STAFLEX was formed as a New York Partnership for the purpose of selling fusible interlinings throughout the United States. Staflex International Limited introduced screen printed fusible interlinings to the industry and is the world's leading supplier of such goods.

7. STAFLEX sells fusible interlinings through a network of salaried salesmen, stocking distributors and sales agents. Four salaried salesmen work out of the New York City headquarters of STAFLEX. STAFLEX also maintains a sales office in Atlanta, Georgia which is used by two salaried salesmen and one salaried salesman operates out of Los Angeles.

8. STAFLEX also sells to stocking distributors of fusible interlinings in New York City, Los Angeles, Boston, Miami, Memphis, Tennessee and St. Louis, Missouri.

9. STAFLEX also deals through sales agents in Dallas, Minneapolis, Chicago, Baltimore, Rochester, New York and Kansas City, Missouri. The sales agents in Dallas, Minneapolis, Chicago, and Baltimore stock fusible interlinings which are owned by STAFLEX for immediate delivery to customers after a credit check from the STAFLEX headquarters. Invoicing in such cases is done by STAFLEX.

10. STAFLEX maintains a staff of technical people who are intimately familiar with all phases of design, production and use of fusible interlinings. All of the technical people are located at the headquarters of STAFLEX in New York City. Sydney Astle is in charge of Product Development; Gerry Graves is in charge of Technical Service; and Archie Stewart is the Laboratory Manager.

11 STAFLEX does not have any people located in Georgia or in any southern state who have any familiarity whatsoever with the issues that will arise in a patent infringement action.

12. All records of STAFLEX including laboratory reports, technical service memoranda, sales records and correspondence are maintained at the headquarters of STAFLEX in New York City.

13. On information and belief Defendant Pellon manufactures fusible interlinings in Lowell, Massachusetts, Chelmsford, Massachusetts and Hopkinsville, Kentucky and maintains its executive headquarters in New York City at 1120 Avenue of the Americas.



14. I can think of no person employed by, associated with or under the control of any of the parties herein that will be required for the purposes of an action relating to infringement of U. S. Patent No. 3,914,493 that have any relationship to Georgia. All such persons associated with or under the control of STAFLEX are located in New York City. On information and belief, all such persons associated with or under the control of Defendant Pellon are located in New York City or Massachusetts.

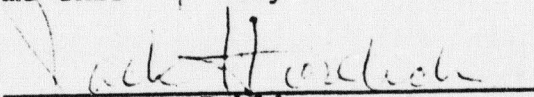
15. Defendant Pellon Corporation filed an action on September 15, 1976 in the United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. C 76-1520A charging STAFLEX with infringement of U. S. Patent No. 3,914,493. Service was first attempted on STAFLEX by serving a STAFLEX salesman at a booth at a trade show then taking place in Atlanta, Georgia. Service was subsequently attempted on STAFLEX by delivery of a copy of the Summons and Complaint to the STAFLEX sales office in Atlanta, Georgia.

16. Prior to service as aforesaid, Pellon had not notified STAFLEX of a charge of patent infringement.

17. A copy of the Complaint in the Georgia Action, C76-1520A, is annexed hereto as Exhibit A.

  
Martin Rodman

Subscribed and sworn to before  
me this 9 day of Nov, 1976.

  
Notary Public

JACK HORELICK  
NOTARY PUBLIC, State of New York  
No. 03-1855875  
Qualified in Bronx County  
March 30, 1977

EXHIBIT A - COMPLAINT - PELLON CORPORATION v.  
STAFLEX CO., C76-1520A, UNITED STATES DISTRICT COURT,  
NORTHERN DISTRICT OF GEORGIA, ATLANTA DIVISION

SEP 15 1976  
BEN H. CARTER, CLERK  
By FJG  
DEPUTY CLERK

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

|                     |   |                                 |
|---------------------|---|---------------------------------|
| PELLON CORPORATION, | : |                                 |
|                     | : | CIVIL ACTION FILE NO. C76-1520A |
| Plaintiff,          | : |                                 |
|                     | : |                                 |
| v.                  | : |                                 |
|                     | : |                                 |
| STAFLEX CO.,        | : |                                 |
|                     | : |                                 |
| Defendant.          | : |                                 |

C O M P L A I N T

The Complaint of PELLON CORPORATION respectfully  
shows:

1.

Plaintiff, PELLON CORPORATION, is a corporation of  
the State of New York, having a principal place of business at 1120  
Avenue of the Americas, New York, New York 10036, U.S.A.

2.

Defendant, STAFLEX CO., has a regular established place  
of business at Atlanta, Georgia, U.S.A., within this District.



3.

This is an action for patent infringement, arising under the patent laws of the United States. This Court has jurisdiction of this action under 28 U.S.C. 1338(a). Venue lies in this District by virtue of 28 U.S.C. 1400(b).

4.

On October 21, 1975, United States Letters Patent No. 3,914,493, entitled IRON-IN STIFFENING INSERT, were duly and legally issued to Firma Carl Freudenberg.

5.

On January 15, 1976, Letters Patent No. 3,914,493 were assigned by Firma Carl Freudenberg to Plaintiff, which assignment was recorded in the United States Patent Office on January 23, 1976, at Reel 3267 Frame 837.

6.

Plaintiff is still the owner of Letters Patent No. 3,914,493.

7.

Plaintiff is manufacturing and selling products claimed in said Letters Patent which products carry a notice identifying such Letters Patent.

8.

On information and belief, Defendant has been and still is

infringing said Letters Patent by manufacturing and/or selling products within this District, which products are claimed in said Letters Patent, and such infringement will continue unless enjoined by this Court.

9.

The infringing acts by Defendat have been wanton and willful.

WHEREFORE, Plaintiff demands a preliminary and permanent injunction against further infringement of said Letters Patent by Defendant and those controlled by, and controlling, Defendant, including but not limited to their officers, employees, agents, privies, successors and assigns, and all those acting for or on their behalf; an accounting for damages, and assessment of treble damages, of interest, of costs and of attorney's fees against Defendants; and such other and further relief as the Court may deem appropriate.

/s/ Hugh W. Gibert  
HUGH W. GIBERT

/s/ David L. Ross  
DAVID L. ROSS

OF COUNSEL:

HAAS, HOLLAND, LEVISON & GIBERT  
2700 First National Bank Tower  
Atlanta, Georgia 30303  
404-658-1811

LEONARD HORN  
ARNOLD SPRUNG  
BURGESS, DINKLAGE & SPRUNG  
600 Third Avenue  
New York, New York 10016  
212-661-0520



AFFIDAVIT OF ALFRED E. GUTMAN SWORN TO NOVEMBER 10, 1976

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC., :

Plaintiffs, :

v. : CIVIL ACTION NO.

PELLON CORPORATION, :

Defendant. :

-----X

AFFIDAVIT

COMMONWEALTH OF MASSACHUSETTS )  
COUNTY OF *B R I S T O L* ) ss.:

Alfred E. Gutman, being duly sworn, deposes  
and says that:

1. I am President of The Harodite Finishing  
Company, Inc. (hereinafter HARODITE) and am a resident of  
Taunton, Massachusetts.

2. I make this affidavit in support of HARODITE's  
motion for an order restraining Defendant Pellon Corporation  
from further prosecution of an action filed in Georgia against  
coplaintiff Staflex Company.

3. I am currently President of HARODITE and have  
held such position for about the past five years. Prior to  
that I was Vice President of HARODITE for about ten years and  
I have been employed by HARODITE in various capacities for  
about thirty years. I am fully familiar with every phase of

the business of HARODITE.

4. HARODITE maintains its headquarters in Taunton, Massachusetts and all manufacturing facilities of HARODITE are located in Taunton, Massachusetts. HARODITE's mailing address is North Dighton, Massachusetts.

5. HARODITE has two principal product lines. It manufactures fusible interlinings and it dyes and finishes textile fabrics. HARODITE sells finished textile fabrics and fusible interlinings to accounts throughout the United States. HARODITE has been in the business of manufacturing and selling fusible interlinings for about twenty years.

6. HARODITE manufactures and sells several different styles or types of fusible interlinings. Among such styles are styles wherein the interlining material has printed thereon by means of screen printing a plurality of plastic adhesive dots. HARODITE has manufactured fusible interlinings with adhesive dots printed by the technique of screen printing in a regular geometric pattern for about ten years.

7. More recently, starting in about December 1975, HARODITE commenced the manufacture of fusible interlinings with screen printed dots in which the dots were applied in a random pattern. This random pattern of dots is known as "computer dots". On information and belief, the fusible interlinings embodying the computer dot pattern are charged by Pellon Corporation to infringe U. S. Patent No. 3,914,493.

8. HARODITE sells the goods of its manufacture to coplaintiff Staflex and to others. Fusible interlinings in the computer dot pattern are sold only to coplaintiff Staflex and no other account of HARODITE purchases fusible



interlinings embodying the computer dot pattern.

9. With respect to the fusible interlinings manufactured by HARODITE, excepting the computer dot pattern which is sold only to coplaintiff Staflex, HARODITE sells to wholesalers of interlinings throughout the United States and directly to shirt manufacturers. The wholesalers which purchase non-computer dot fusible interlinings from HARODITE are stocking dealers of fusible interlinings of HARODITE's manufacture.

10. All sales by HARODITE of goods of its manufacture, other than sales to coplaintiff Staflex, are solicited through salesmen employed by HARODITE. HARODITE maintains a sales office in New York City at 65 West 36th Street and five salesmen operate out of such office. In addition, HARODITE employs one salesman who operates out of his home in Marietta, Georgia and one salesman who operates out of his home in Los Angeles, California. Executive personnel of HARODITE in Taunton, Massachusetts also perform some sales activities although they are not generally considered salesmen.

11. HARODITE does not maintain a regular and established place of business in Georgia. The salesman operating out of his home in Marietta, Georgia, Frank Pallone, does not deal in the computer dot fusible interlining which is believed to be the subject of the charge of patent infringement by Pellon Corporation. Mr. Pallone deals primarily with shirt manufacturers. He has no authority to confirm orders, maintains no supply of goods and merely acts as a

salaried and commissioned salesman. All orders taken by him are sent to HARODITE headquarters in Taunton, Massachusetts for acceptance and all goods are shipped and invoiced from Taunton, Massachusetts.

12. Although HARODITE does not maintain an office in Georgia, it does reimburse Mr. Pallone for a telephone listed in HARODITE's name which is in Mr. Pallone's home. No other office expense payments are made to Mr. Pallone by HARODITE.

13. I have been informed by patent counsel that HARODITE would not be subject to a suit for infringement of Pellon's patent in Georgia because it does not in any way deal in the allegedly infringing fusible interlinings in Georgia and it does not have a regular and established place of business in Georgia.

14. All technical people who are familiar with the manufacture, use, design and construction of fusible interlinings are located at the HARODITE headquarters in Taunton, Massachusetts. Approximately ten/<sup>technical</sup>people are on the HARODITE staff and these people work as production engineers, technical service engineers and research and quality control chemists. No technical employees of HARODITE are located away from Taunton, Massachusetts.

15. All corporate records including correspondence, invoices, drawings, test results, etc. are maintained at the HARODITE corporate headquarters in Taunton, Massachusetts.

16. Pellon Corporation, the defendant in this action, is a competitor of HARODITE in the manufacture and sale of fusible interlinings. On information and belief,



Pellon manufactures fusible interlinings only in Lowell, Massachusetts, Chelmsford, Massachusetts and Hopkinsville, Kentucky. On information and belief, Pellon maintains its executive headquarters in New York City at 1120 Avenue of the Americas.

17. On information and belief there are no persons connected with or under the control of any of the parties to this action and who would be called to testify or to provide information on the issues of validity and infringement of Pellon U. S. Patent No. 3,914,493 who are located in or near the State of Georgia. All such persons are located in New York City Metropolitan Area, in the Boston, Massachusetts Metropolitan Area and in foreign countries.

Alfred E. Gutman

Subscribed and sworn to before  
me this      day of      , 1976

Robert Friedman  
Notary Public

MY COMMISSION EXPIRES SEPT. 22, 1982

AFFIDAVIT OF LEONARD HORN SWORN TO DECEMBER 7, 1976

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----  
:  
:  
STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC., :

Plaintiffs, : CIVIL ACTION NO.

v. : 76 CIV. 5011

PELLON CORPORATION, :

Defendants. :  
-----

AFFIDAVIT OF LEONARD HORN

Leonard Horn, being duly sworn, declares that:

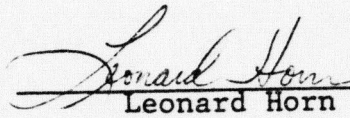
He is counsel for Pellon Corporation, defendant  
in the above-entitled proceeding.

On information and belief, the individual who is and  
has been President of Pellon Corporation for about a year  
moved his home and office to Massachusetts prior to  
initiation of suit by Pellon Corporation against Staflex  
Company in Atlanta, Georgia.

In order to obtain information necessary to reply to  
the Staflex Company and The Harodite Finishing Company,  
Inc., in the New York action to enjoin prosecution in  
Georgia, he deposed Martin Rodman and Sydney Astle and  
Robert Friedman. Copies of such depositions were hand  
delivered to counsel for plaintiffs to have them signed and  
sworn to by deponents but they have not yet been returned.



Copies of such depositions are appended hereto.

  
Leonard Horn

Sworn to before me this /  
day of December, 1976.

---

Notary Public

RUTH K. GAMORAN  
Notary Public, State of New York  
No. 41-4520177  
Qualified in Queens County  
Commission Expires March 30, 1977

DEPOSITION OF MARTIN RODMAN TAKEN NOVEMBER 29, 1976

1 UNITED STATES DISTRICT COURT  
 2 SOUTHERN DISTRICT OF NEW YORK  
 3 -----x  
 4 STAFLEX COMPANY, THE HARODITE :  
 5 FINISHING COMPANY, INC., :  
 6 Plaintiffs, :  
 7 vs. : 76 Civil 5011  
 8 PELLON CORPORATION, :  
 9 Defendant. ;  
 10 -----x

11  
 12 November 29, 1976  
 13 10:25 A. M.

14 DEPOSITION of MARTIN RODMAN, taken by  
 15 Defendant pursuant to notice and stipulation of the  
 16 parties at the offices of Burgess Dinklage & Sprung,  
 17 Esqs., 600 Third Avenue, New York, New York 10016,  
 18 before Florence E. Parrella, a Certified Shorthand  
 19 Reporter and Notary Public of the State of New York.  
 20

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 22  
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## APPEARANCES:

3 BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN, ESQS.  
Attorneys for the Plaintiffs  
4 730 Third Avenue  
New York, New York 10017  
5 BY: JAMES K. SILBERMAN, ESQ., of Counsel.

6 BURGESS DINKLAGE & SPRUNG, ESQS.  
Attorneys for the Defendant  
7 600 Third Avenue  
New York, New York 10016  
8 BY: LEONARD HORN, ESQ., of Counsel.

9

STIPULATION

10 IT IS HEREBY STIPULATED AND AGREED by  
11 and between the attorneys for the respective  
12 parties hereto that the witness may sign and  
13 swear to his deposition before any notary public;  
14 that sealing, filing and certification are waived;  
15 and that all objections except as to the form of  
16 the question are reserved to the time of trial.

17 IT IS FURTHER STIPULATED AND AGREED  
18 that Counsel for the Defendant will furnish copy  
19 of the transcript to Counsel for the Plaintiffs.

20

- - -

21 M A R T I N R O D M A N, called  
22 as a witness, being first duly sworn by the notary  
23 public herein, testified as follows:

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Rodman

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2 EXAMINATION

3 BY MR. HORN:

4 Q Please state your full name.

5 A Martin Rodman.

6 Q Age and citizenship?

7 A 54 years old, United States citizen.

8 Q Residence?

9 A 34 Nassau Drive, Great Neck, New York.

10 Q Could you please give me your educational  
11 background from college on?12 A I was a music major at NYU for two years  
13 at which time I left school and went to work for  
14 Grumman's as a riveter.15 Q And your professional experience since  
16 Grumman?17 A I have worked for an advertising firm and  
18 for interlining companies.19 Q Could you give me the names and dates of  
20 occupation with the interlining companies and the  
21 job title or description?22 A Roughly 25 years ago I worked for a  
23 company, D. Mendelsohn Incorporated, who were a  
24 distributor of alltypes of interlinings, and I went  
25 to work for them in a sales capacity.



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Rodman

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2 Q And when did you leave David Mendelsohn  
3 approximately?

4 A About 1957 I think.

5 Q And since 1975?

6 A I went back to Mendelsohn again in 1961.

7 At that time the company's name was changed to  
8 Mendelsohn-Gottlieb Inc. And in 1970 I came to work  
9 for the Staflex Comapny.

10 Q And you have worked for Staflex continuously  
11 since then?

12 A Since 1970, yes, I have.

13 Q Who owns the Staflex Company?

14 A The Staflex Company is owned by the  
15 Staflex Corp. and Harodite New York Corporation.

16 Q Is that 50/50 ownership?

17 A I believe it is.

18 Q To your knowledge, is Harodite New York  
19 Corporation in any way related to Harodite Finishing  
20 Company, Inc.?

21 A I believe they are a wholly owned sub-  
22 sidiary.

23 Q Which is the parent and which is the  
24 subsidiary?

25 A Harodite Finishing is the parent, to my

1 fp Rodman 5

2 knowledge, and Harodite New York Corporation is

3 the subsidiary.

4 Q Who owns the Staflex Corporation?

5 A Staflex International in London.

6 Q Does Staflex Corporation or Staflex

7 Company itself manufacture any fusible nonwoven

8 interlinings carrying an adhesive?

9 A We are not a manufacturing company.

10 Q Does Staflex Company sell any fusible

11 nonwoven interlinings carrying adhesives?

12 A Yes.

13 Q Who manufactures such products which you

14 sell?

15 A Harodite Finishing Company.

16 Q How long has Staflex been selling such

17 products?

18 A Since their inception doing business in

19 the United States.

20 Q And about when was that?

21 A That was before my time. That was I believe

22 1967 or 1968.

23 Q And to your knowledge, has Harodite been

24 the exclusive manufacturer of such materials for

25 Staflex in the United States in all of that period of



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Rodman

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2 time?

3 A Yes.

4 (Discussion off the record.)

5 Q Does the interlining of which we're speak-  
6 ing, the fusible nonwoven material, carry an adhesive?

7 A Yes.

8 Q Do you know how the adhesive is put on,  
9 printed vs. sprayed vs. dropped, or some other form?

10 A Which interlining are you asking me about  
11 now?

12 Q All your fusible nonwoven interlinings;  
13 are they put on in different forms?

14 A Yes, we have several different types.

15 Q Approximately how many different types,  
16 fewer than five?

17 A I was going to say four.

18 Q So long as it is that small a number,  
19 could you please identify each type?

20 A We have sintered types of several different  
21 polymers. We have printed polyamide, we have  
22 printed PVC's and we have net grades.

23 Q Let us direct our attention particularly  
24 to the printed materials. Do you have items wherein  
25 the adhesive is printed on in regular fashion?

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Rodman

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2 A Yes.

3 Q And how long have those items been in  
4 your line?

5 A Since the inception of our business.

6 Q Do you have items where the adhesive is  
7 printed but not in regular pattern?

8 A Yes.

9 Q How long has that product been in your  
10 line?

11 A I believe since December of last year.

12 Q Are you familiar with how the item came  
13 to enter your line?

14 MR. SILBERMAN: Which item?

15 MR. HORN: The irregular printed materials  
16 which have been in your line since December, 1975.

17 A Yes, I am.

18 Q Who in Staflex first proposed such an item  
19 for introduction into this line?20 A It was either Mr. Sydney Astle or myself  
21 or jointly.22 Q Had you seen a product with irregularly  
23 printed adhesive prior to your proposal or Mr. Astle's  
24 proposal the item be entered into your line?

25 A Yes.



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Rodman

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2 Q Where had you seen such an item?

3 A In both Western Europe and the United  
4 States.5 Q Do you know who produced the item you  
6 saw in Western Europe and the United States?7 A In the United States I believe it was  
8 the Pellon Company, and there was one other  
9 company, I am not sure which of one of two it  
10 might have been.

11 Q And in Western Europe?

12 A It was the Pellon counterpart, which was  
13 Freudenberg and again some other Western European  
14 countries. → *Companies*15 Q Can you identify such other companies,  
16 U. S. or Western Europe?17 A No, the Western European grades were  
18 shown to me, and I don't know the names of the  
19 companies that made them.

20 Q By whom were they shown to you?

21 A People at Staflex International.

22 Q Do you know when you might first have seen  
23 such item?

24 A Possibly as long as two years ago.

25 Q Which would make it towards the end of

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Rodman

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1974?

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A Somewhere about there I would think.

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Q Did you see whole bolts of fabric or

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just --

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MR. SILBERMAN: I am going to interrupt you here. The short notice that we received was primarily for the purpose of permitting you to respond to our motion, which is returnable on Friday, regarding the jurisdictional issues, and I think it would be appropriate that this deposition be to the extent possible, limited to issues that relate to jurisdiction and not to the whole ramification of the issues of patent infringement and noninfringement and the various defenses.

I am going to try to give you as much latitude as possible, but if we get into too many areas that relate to the technical aspects of the lawsuit, I am going to instruct the witness not to answer because we are trying to do this as quickly as possible so that you have an opportunity to find out what is going on and where they are operating, and things like that. I will give you as much latitude as you want, but I am not going to let the witness answer questions that I feel have to do with the



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Rodman

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2 merits of the case.

3 MR. HORN: The lawsuit obviously will  
4 continue in one jurisdiction or another, and I was  
5 hoping we could save the witness' time by asking  
6 questions which would be pertinent in either  
7 jurisdiction, but if you wish to restrict, I have  
8 no strong feeling in that regard. It just means  
9 the witness may have to reappear at some future  
10 date for either or both jurisdictions.

11 MR. SILBERMAN: That is understood. But  
12 this was just set up on Wednesday, and we have had  
13 a four-day holiday in the interim, and I have not  
14 even had an opportunity to discuss any of these  
15 matters with the witness.

16 Q Is there any contractual agreement  
17 between Staflex Company and the Harodite Finishing  
18 Company with regard to freedom to purchase and/or  
19 sell themselves fusible nonwoven interlinings  
20 carrying adhesive?

21 A You are going to have to break that  
22 question down for me, counselor.

23 Q Is Staflex Company free to have fusible  
24 nonwoven interlinings carrying adhesive manufactured  
25 for it by other finishing companies?

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Rodman

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2 A No.

3 Q Is there a written document which limits  
4 Staflex Company's freedom in this regard?

5 A I don't know that there is a written  
6 document. That would be privileged between the  
7 partners of the company. My understanding since I  
8 came with the company is that the Harodite Finishing  
9 Company are our manufacturing partner, and anything  
10 that we may have to obtain apart from them would  
11 have to be with their permission.

12 Q To your knowledge, is Harodite Finishing  
13 Company free to manufacture fusible nonwoven inter-  
14 linings for companies other than Staflex Company?

15 A They are manufacturing fusible nonwoven  
16 interlinings for their own fusible line which they  
17 sell.

18 MR. SILBERMAN: That was not the question.

19 THE WITNESS: I am sorry.

20 MR. HORN: That is all right.

21 Q To your knowledge, does Harodite sell  
22 to anyone other than Staflex Company fusible nonwoven  
23 interlinings carrying adhesive printed in an  
24 irregular pattern?

25 A Not to my knowledge.



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Rodman

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2 Q Have you personally visited the Harodite  
3 Finishing Company's manufacturing facilities?

4 A Yes.

5 Q Have you signed an obligation of secrecy  
6 relative to Harodite Finishing Company when  
7 you visit?

8 A I have an employment contract which  
9 provides for all the necessary restrictions.

10 Q Does your employment contract refer to  
11 Harodite Finishing Company or to Staflex Company?

12 A Staflex Company.

13 Q When Harodite manufactures fusible nonwoven  
14 interlinings carrying adhesives printed in an irregular  
15 pattern, at what point does Staflex first take title  
16 to the material?

17 A After Harodite bills us for them.

18 Q Am I correct in summarizing that Harodite  
19 owns the nonwoven fabric, owns the adhesive which  
20 it prints on, and title first passes to you after  
21 the product has been fully manufactured?

22 A Correct.

23 (Discussion off the record.)

24 MR. HORN: It is stipulated between the  
25 parties that hereafter, for the purposes of

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Rodman

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abbreviation, we will refer to "random spot" by which we mean fusible interlinings carrying adhesive printed thereon in irregular pattern.

Q Is the random spot item sold by your Atlanta office?

A I believe it is.

Q Am I correct in understanding that you have salesmen in your Atlanta office who have a geographic area which might be referred to as their territory?

A Yes.

Q What is the territory served by your Atlanta office?

A Georgia, North and South Carolina, and Eastern Tennessee.

(Discussion off the record.)

Q Were you at the Bobbin Show in Atlanta in September of this year?

A Yes.

Q Was your random spot item on display at the Bobbin Show?

A What do you mean by display, counselor?

Q Were there samples in your booth at the Bobbin Show?



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Rodman

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2 A Our booth contained samples of a complete  
3 line of fusible interlinings.

4 Q Including the random spot item?

5 A Including the random spot.

6 Q Did you have literature in your booth which  
7 included material relating to your random spot item?

8 A I think not.

9 Q In your booth did you take orders for any  
10 products at all? Were you prepared to take orders  
11 in the booth?

12 A Yes, we would have welcomed any orders in  
13 the booth.

14 Q Who is paying for Mr. Silberman's presence  
15 here today?

16 A Staflex Company.

17 Q Is Harodite Finishing Company bearing  
18 any of the cost?

19 A Not to my knowledge.

20 Q If Pellon ultimately prevails in its law-  
21 suit, whether in New York or in Georgia, will the  
22 damages be borne by the Staflex Company or Harodite  
23 Finishing Company?

24 A I don't think I can answer that question.

25 Q Do you mean the question has not been

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Rodman

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2 discussed between Staflex and Harodite?

3 A As of the moment, Staflex Company is  
4 bearing the cost.

5 Q I am interested particularly in the  
6 introduction of the random spot item into this  
7 line. You indicated you had seen such an item  
8 perhaps two years ago, and the item actually was  
9 introduced into this line about a year ago. We  
10 are trying to zero in on that year interval.

11 Did you merely see such item in Western  
12 Europe and the United States, or did you have a  
13 sample?

14 A Both.

15 Q Did you show that sample to Harodite  
16 Finishing Company?

17 A I don't believe so.

18 Q What transpired in that year interval  
19 from the time you obtained the sample of the  
20 product relating to its actual introduction into  
21 this line?

22 A Some time prior to December of 1975 I  
23 thought from a merchandising and marketing point of  
24 view, I would like to add this random dot to our  
25 nonwoven line. I then asked Harodite to provide us



1 fp Rodman 16  
2 with a screen to produce and manufacture such a  
3 product.

4 Q Did you give a sample to Harodite?

5           A     No, the word "random dot" is generic in  
6           a sense.

7 Q Who physically paid for the screen which  
8 Harodite produced?

9 A Harodite.

10 Q To your knowledge, is there only one  
11 screen which is used to make random spot materials  
12 by Harodite?

13                   A       By Harodite?   Yes.

14 (Discussion off the record.)

15 Q Do I understand there are several screens  
16 which are, for all practical purposes, identical  
17 with respect to pattern and geometry for producing  
18 the random spot products?

19           A     I don't know if there are several or just  
20           one, but if one breaks, then you must get another  
21           one and you can produce.

22 Q But there is only a single geometric  
23 configuration, to your knowledge?

24                      A                      Correct.

25 Q Do all of your random spot products have

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Rodman

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2 the identical spacing of dots and sizes of dots?

3 A We use one screen, if I understand your  
4 question.

5 May we go off the record?

6 (Discussion off the record.)

7 (Record read.)

8 THE WITNESS: And I will add to that,  
9 any variance would be within normal manufacturing  
10 specifications.11 Q For the record, I believe you said you  
12 print with two different polymers, so to that  
13 extent there might be two different items apart from  
14 the backings?

15 A Apart from the base cloths, yes.

16 Q Did you give any instructions to Harodite  
17 beyond merely asking them to provide a screen with  
18 random spots?19 A We provide instructions as to what we  
20 wanted them to produce using that screen.

21 Q Did you personally provide such instructions?

22 A We have a department that handles that.

23 Q Who is in charge of that department?

24 A Mr. Astle was in charge of that department.

25 Q What instructions, if any, did you personally



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Rodman

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2 give to Harodite Finishing Company with regard to  
3 random spot items?

4 A Through our normal procedures, my  
5 instructions would have gone through Mr. Astle's  
6 department.

7 Q Are such instructions in writing or oral?

8 A Oral. The instructions in writing are  
9 from Mr. Astle's department to the mill.

10 Q To your knowledge, did Harodite make any  
11 departures from the instructions which were trans-  
12 mitted to them?

13 A Not to my knowledge.

14 Q Am I correct in characterizing your state-  
15 ment as saying that Harodite Finishing produced  
16 exactly the product which you told them to produce?

17 A Correct.

18 MR. SILBERMAN: I think you are putting  
19 words in the witness' mouth. He said he did not  
20 give any instructions to Harodite, and as far as he  
21 knows, the product that was produced was in  
22 accordance with instructions.

23 (Record read.)

24 MR. HORN: No further questions of this  
25 witness.

fp

Rodman

19

## EXAMINATION

BY MR. SILBERMAN:

Q Mr. Rodman, how many salesmen work out of the Atlanta office?

A Two.

Q Do they sell the entire line of products of Staflex Company?

A Hopefully.

Q Does that include random spot interlinings?

A Yes.

Q Does it include other kinds of interlinings?

A They are general line salesmen and sell the full line of interlinings.

Q Are they on salary?

A One is on straight salary and one is on salary plus an override.

Q Is that in the nature of a commission?

A Exactly so.

Q Do they have the authority to confirm orders taken?

A No, sir, they do not.

Q What do they do with the orders that are taken?



1

fp

Rodman

20

2

A They phone the orders in, and we then have  
3 a credit approval, and if the credit approval is  
4 okay, we ship the order.

5

Q When you say they phone the order in --

6

A To the New York office, 21 West 38th Street.

7

Q Is 21 West 38th Street the headquarters  
8 of Staflex Company?

9

A Yes, it is.

10

Q Does it have a headquarters anywhere else?

11

A No, sir, it does not.

12

Q Does Staflex Company have salesmen in  
13 other parts of the United States?

14

A We have one salesman on the west coast.  
15 Our other salesmen are all headquartered in the  
16 New York office and do their traveling from that  
17 point.

18

Q Is any random spot interlining warehoused  
19 in Georgia?

20

A We have no warehousing facilities in  
21 Georgia.

22

Q So the answer to that question is no?

23

A No.

24

Q Where are all the corporate records or  
25 company records of Staflex Company kept?

1 fp

Rodman

21

2 A 21 West 38th Street.

3 Q Is that New York City?

4 A New York City.

5 Q Subsequent to signing your affidavit on  
6 November 9, 1976 in support of a motion restraining  
7 Pellon from further prosecution of an action in  
8 Georgia, are you aware of any statement that you  
9 made in that affidavit that is not correct?

10 If you would like to read it, you may  
11 read it (handing).

12 A No.

13 MR. SILBERMAN: I have no further  
14 questions.

15 EXAMINATION

16 BY MR. HORN:

17 Q Are any of your sales records kept in  
18 your Georgia office?

19 A The Georgia office gets duplicates or  
20 duplicate of invoices of any sales that they make as  
21 a normal salesman's procedure.

22 Q You indicated previously the approval from  
23 New York was subject only to a credit check; is  
24 that correct?

25 A No, no, not only to a credit check. New York



1 fp

Rodman

22

2 has to approve credit and price.

3 Q Changing the subject, if Staflex wishes to  
4 drop the random spot item from its line, is Harodite  
5 free to manufacture this item for anyone else?

6 A I would think so.

7 Q Is Harodite free to manufacture it so long  
8 as it is in your line?

9 A We have a gentleman's agreement that as of  
10 now, they will not manufacture this for themselves  
11 or offer it to others.

12 MR. HORN: No further questions.

13 EXAMINATION

14 BY MR. SILBERMAN:

15 Q Is Harodite Finishing under a contractual  
16 relationship with Staflex Company not to sell the  
17 random spot interlining to anyone else?

18 A We have no such contractual relationship.

19 Q Are there circumstances of which you are aware  
20 that would cause Harodite Finishing to sell the random  
21 spot interlining to others?

22 A Yes, if there were widespread use of the  
23 random interlining in the fusible industry, Harodite  
24 would then feel it incumbent upon itself to be able to  
25 offer this in their line.

1 fp

Rodman

23

2 Q Has anyone at Harodite told you that they  
3 planned to offer the random spot interlining to  
4 anyone else?

5 A Not as of this date.

6 MR. SILBERMAN: I have no more  
7 questions.

8 MR. HORN: I have nothing further.

9 Thank you.

10

- - -

11

12

13

14

15 Signed and sworn to before me  
16 this 14 day of December  
17 1976.

MILTON DINCOWITZ  
NOTARY PUBLIC, State of New York  
No. 03-6041200  
Qualified in Bronx County  
Commission Expires March 30, 1978

17

18

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- - -

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1 fp

Rodman

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CERTIFICATE

3 STATE OF NEW YORK )

) ss.

4 COUNTY OF NEW YORK)

5

I, Florence E. Parrella, a Certified

6

Shorthand Reporter and Notary Public within and

7

for the State of New York, do hereby certify:

8

That MARTIN RODMAN, the witness whose

9

deposition is hereinbefore set forth, was duly

10

sworn by me and that such deposition is a true

11

record of the testimony given by such witness.

12

I further certify that I am not related

13

to any of the parties to this action by blood or

14

marriage, and that I am in no way interested in

15

the outcome of this matter.

16

IN WITNESS WHEREOF I have hereunto set

17

my hand this 29th day of November, 1976.

18

19

\_\_\_\_\_  
Florence E. Parrella - CSR

20

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22

- - - - -

23

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25

## DEPOSITION OF SYDNEY A. ASTLE TAKEN NOVEMBER 29, 1976

1 fp

1

2 UNITED STATES DISTRICT COURT

3 SOUTHERN DISTRICT OF NEW YORK

4 -----x

5 STAFLEX COMPANY, THE HARODITE :  
6 FINISHING COMPANY, INC., :7 Plaintiffs, :  
8 vs. :9 PELLON CORPORATION, : 76 Civil 5011  
10 Defendant. :11 -----x  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25November 29, 1976  
11:30 A. M.

DEPOSITION of SYDNEY A. ASTLE, taken by  
 Defendant pursuant to notice and stipulation  
 of the parties at the offices of Burgess Dinklage &  
 Sprung, Esqs., 600 Third Avenue, New York, N. Y. 10016,  
 before Florence E. Parrella, a Certified Shorthand  
 Reporter and Notary Public of the State of New York.

- - - - -



## 2 APPEARANCES:

3 BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN, ESQS.  
Attorneys for the Plaintiffs

4 730 Third Avenue  
New York, New York 10017

5 BY: JAMES K. SILBERMAN, ESQ., of Counsel.

6 BURGESS DINKLAGE & SPRUNG, ESQS.  
Attorneys for the Defendant

7 600 Third Avenue  
New York, New York 10016

8 BY: LEONARD HORN, ESQ., of Counsel.

9 STIPULATION

10 IT IS HEREBY STIPULATED AND AGREED by  
11 and between the attorneys for the respective  
12 parties hereto that the witness may sign and  
13 swear to his deposition before any notary public;  
14 that sealing, filing and certification are waived;  
15 and that all objections except as to the form of  
16 the question are reserved to the time of trial.

17 IT IS FURTHER STIPULATED AND AGREED  
18 that Counsel for the Defendant will furnish copy  
19 of the transcript to Counsel for the Plaintiffs.

20

- - -

21 S Y D N E Y A. A S T L E, called  
22 as a witness, being first duly sworn by the notary  
23 public herein, testified as follows:

## 24 EXAMINATION

25 BY MR. HORN:

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Astle

3

2 Q Mr. Astle, could you please recite your  
3 education chronologically, starting with college,  
4 with dates and courses of study?

5 A From <sup>9</sup>150 to <sup>9</sup>155 I was employed by British  
6 Celanese, and at the same time was given time release  
7 to study textiles at Darby Technical College.

8 Then I left Celanese to do national service  
9 in the Navy, having qualified in textiles.

10 I then was subsequently employed by William  
11 Hollins; they make Viyella and Clydella, specialized  
12 fabrics, for one year, from <sup>9</sup>157 to 1958.

13 1958 to 1960 with British Nylon Spinners.

14 Then 1960 to 1962 with a garment rental company.

15 1962 to 1968 with Harrod's Department Store. Then

16 1968 with Staflex International. Then 1970 with Staflex

17 Company.

18 Q What is your present position at Staflex  
19 Company?

20 A Executive Vice President.

21 Q In this capacity are you in charge of product  
22 development?

23 A Yes.

24 Q Have you been in charge of product development  
25 for at least the last two years?



1 fp

Astle

4

2 A Yes.

3 Q Are you familiar with the product sold by  
4 Staflex Company, which we have identified this morning  
5 in Mr. Rodman's deposition as random spot?

6 A What do you mean, am I familiar with it?  
7 Do I know it?

8 Q Do you know it?

9 A I know of several products.

10 Q Which several are you aware of?

11 A Tell me the question again.

12 (Record read.)

13 THE WITNESS: I am aware of products that  
14 have been made on different weights of fabric, for  
15 example. You haven't identified any one particular  
16 product. You identified with Mr. Rodman a product  
17 type.

18 Q How many different specific products are  
19 there which fall within the generic type, random spot,  
20 as we have been using it heretofore to your knowledge  
21 in the Staflex line?

22 A Approximately four.

23 Q Could you identify the four?

24 A You mean give you a product specification or  
25 how do I identify them?

1 fp

Astle

5

2 Q How do you distinguish between them, if I  
3 handed them to you?

4 A The weights of the fabrics, the weight and  
5 type of the substrate and the resin composition.

6 Q When did you first become aware of a random  
7 spot product item or type?

8 A I first became aware of variations of spot  
9 patterns probably three or four days after I first  
10 joined Staflex International.

11 Q That would be in 1968?

12 A Yes. Let me rephrase it.

13 I became aware of the possibility of  
14 variations of existing dot patterns that were not  
15 necessarily in a random arrangement, but were varia-  
16 tions of existing patterns.

17 Q Did you see actual samples or are we talking  
18 about written ideas?

19 A I think it was ideas, not so much written  
20 ideas, but discussions of ideas.

21 Q I believe I forgot to ask this previously:  
22 When did you come to the United States for employment?

23 A 1970.

24 Q When did you first become aware of a  
25 random arrangement of spots in fusible interlinings?



2 MR. SILBERMAN: Do you have reference to  
3 commercial articles?

4 MR. HORN: I don't know.

5 (Discussion off the record.)

6 (Question read.)

7 A At least two years ago and perhaps three,  
8 of a commercial development of such an item.

9 Q Do you remember the circumstances surrounding  
10 your becoming aware of it?

11 A No.

12 Q When did you first see a product of that  
13 general type in the marketplace?

14 A I would have to say approximately two years  
15 ago.

16 Q Whose product was it?

17 A In the United States it was Pellon's.

18 Q Did you propose Staflex Company put such an  
19 item in their line?

20 A I think, as Mr. Rodman said, it was a joint  
21 discussion whereby we wanted to explore the possibilities.

22 Q Joint discussion between whom?

23 A Mr. Rodman and myself.

24 (Discussion off the record.)

25 Q As best you can recall, could you give the

2 sequence of events from late 1974 when you saw such  
3 a product produced by Pellon until that product  
4 entered Staflex Company's line, with particular reference  
5 to any contacts between Staflex and Harodite?

6 A The difficulty is that I can't remember the  
7 exact timing. I remember a discussion with Mr. Rodman.  
8 From that time we asked Harodite to produce a random  
9 dot pattern. The specification that we gave them was  
10 very open. We just merely asked for a random dot  
11 pattern. They in turn produced a screen and then  
12 manufactured products, obviously first of all on a  
13 trial basis with a variety of resins and substrates.  
14 From the trials that were run, we then selected the  
15 products that we preferred from a merchandising point  
16 of view.

17 Q Is the product which is manufactured today  
18 identical with respect to screen pattern with the  
19 very first samples Harodite ran off pursuant to your  
20 request?

21 A I believe so, yes. I am fairly sure so.

22 Q Did you tell them what percentage of the  
23 space should be free of dots?

24 A No.

25 Q Did you tell them how random they should be?



1 fp

Astle

8

2 A No.

3 Q Have you ever made any suggestions to them  
4 with respect to changing their manufacturing operation?

5 A You mean in connection with this product?

6 Q In connection with random spot materials.

7 A Only from a point of view of product design,  
8 not from their manufacturing.

9 Q Have you seen the Harodite Finishing Company  
10 manufacturing facility?

11 A Yes.

12 Q Do you have right of free ingress and egress?

13 A As much as anybody outside of the Harodite  
14 Finishing Company.

15 Q Does Staflex Company sell any items with  
16 regularly printed spots which are identical with  
17 corresponding random spot products except for the  
18 arrangement of the spots?

19 A I can't answer that.

20 MR. SILBERMAN: Did you understand the  
21 question?

22 THE WITNESS: Yes, I understood the question,  
23 but the difficulty is that --

24 (Discussion off the record.)

25 Q If you had regularly printed spots in your

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Astle

9

2 product line, what was the purpose of adding irregularly  
3 printed spots to your product line?

4 A There were several reasons. One, that we  
5 have known for a long time that variations in hand of  
6 the product could be made by altering the dot pattern.  
7 So one purpose was to see if we could effect a different  
8 hand with existing products.

9 The second purpose was that some claims  
10 had been made about the effects of a totally random  
11 pattern. We wanted to see if they were true.

12 And thirdly, we are continuously experimenting  
13 with different resin systems or different thermoplastic  
14 materials on substrates, and we wanted to see if the  
15 random dot pattern would help us to produce different  
16 products or help us to produce some new products.

17 Q In fact, did you vary the hand by altering  
18 the dot pattern?

19 A That is debatable, but I would say probably  
20 yes. Hand is very much a personal assessment.

21 Q Did you find that the claims which had been  
22 made about the effects of the random were true?

23 A Generally, no.

24 Q Why did you add the product to your line?

25 A From my point of view, it was largely because



1 fp

Astle

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2 of the hand of the product. That is purely my point  
3 of view. This merchandising also comes into it  
4 obviously.

5 Q In your opinion, has this product been a  
6 success for Staflex Company?

7 A Not what I would call a success, and any  
8 success of any product hasn't in my opinion been  
9 attributable to the dot pattern.

10 Q What has it been attributable to?

11 A Not soley to the dot pattern anyway. The  
12 substrates we used obviously also have a bearing on  
13 the product.

14 Q Are the substrates different from those  
15 for the regular pattern material?

16 A Some of them are.

17 Q You said you were interested in exploring  
18 the effects of the random pattern on the performance  
19 of the product. Were these experiments conducted by  
20 Staflex or by Harodite?

21 A By Staflex, but it may well be that Harodite  
22 did some tests too.

23 Q Physically, where did Staflex carry these  
24 out?

25 A In New York.

1 fp

Astle

11

2 Q You mean Staflex has produced a randomly  
3 spotted product in New York?

4 A No, you said where would the tests be  
5 carried out.

6 (Discussion off the record.)

7 (Record read.)

8 Q Were these samples manufactured by Staflex  
9 or by Harodite?

10 A By Harodite.

11 Q Did you tell Harodite what experimental  
12 products to produce?

13 A Yes.

14 Q Did Staflex Company in any way compensate  
15 Harodite Finishing Company for producing the samples?

16 A Yes, I am sure it is so.

17 Q To your knowledge, did Staflex Company pay  
18 for the print screen which Harodite Finishing Company  
19 employs?

20 A To my knowledge, they didn't.

21 Q Has Staflex filed any patent applications in  
22 any of its work relating to random spot items?

23 A I don't know.

24 Q When you trnasferred from Staflex International  
25 to Staflex Company, did your seniority, pension or



1 fp

Astle

12

2 retirement benefits go along with you?

3 A No, they didn't.

4 Q Is it your intention to transfer back to  
5 Staflex International at any time in the future?

6 A No.

7 Q Did Staflex International have anything to  
8 do with your entering the employ of Staflex Company?

9 A Yes.

10 Q Did they approach you to make the transfer or  
11 did you approach them?

12 A They approached me.

13 MR. SILBERMAN: By "they", I assume you mean  
14 Staflex International.

15 MR. HORN: Yes.

16 Q Do you deal directly in any respects with  
17 your counterparts at Staflex International?

18 A Yes.

19 Q To your knowledge, does Staflex International,  
20 Corporation or Company, have any ownership interest  
21 in Harodite New York or Harodite Finishing Company?

22 A No.

23 Q Do you consider any of the technical informa-  
24 tion which has gone through you to the Harodite  
25 Finishing Company relating to the random spot items to

1 fp

Astle

13

2 be trade secrets of the Staflex Company?

3 A Do I consider them to be trade secrets?

4 Q Of the Staflex Company.

5 A I would say yes, I would have to consider  
6 some of the information would be.

7 MR. HORN: No further questions.

8 EXAMINATION

9 BY MR. SILBERMAN:

10 Q Does Staflex Company have any testing  
11 facilities?

12 A Yes.

13 Q Would you describe such facilities for us?

14 A We have a laboratory studio which is capable  
15 of carrying out tests to evaluate the performance of  
16 a fusible interlining.

17 Q What kind of equipment would you have in a  
18 laboratory like that?

19 A This would include equipment for tests for  
20 adhesion level of the product, shrinkage, washability,  
21 dry cleanability, and other technical tests related  
22 to the performance of the product.

23 Q Where is the laboratory located?

24 A In 21 West 38th Street in New York.

25 Q New York City?



1 fp

2 A New York City, yes.

3 Q Do you keep written records of tests made?

4 A Yes.

5 Q Where are those records kept?

6 A At the same address.

7 Q Do you have any testing facilities in Georgia?

8 A No.

9 Q Do you keep any records of tests in Georgia?

10 A No.

11 Q Are there laboratory employees?

12 A Yes.

13 Q How many?

14 A Three.

15 Q Where do those laboratory employees live?

16 A Where do they live?

17 Q Yes.

18 A Around New York.

19 Q What was the nature of your studies of textiles  
20 at Darby Technical College?21 A It was a general textile course ending in  
22 an Associateship with the Textile Institute.23 Q Did you learn weaving, knitting, machinery,  
24 how machinery operates?

25 A Yes, and dyeing and finishing and all aspects

1 fp

Astle

15

2 of textiles.

3 Q Did you study about natural fibers as well  
4 as synthetic fibers?

5 A Certainly.

6 Q Did you study about nonwoven cloths as well  
7 as woven cloths?

8 A Briefly. Nonwovens were not so widely used  
9 at that time.

10 Q What are your duties presently at Staflex  
11 Company?

12 A They are in two categories. The present  
13 duty is to oversee the product development and to act  
14 as salesmanager.

15 Q What territory does the sales managerial  
16 responsibility cover?

17 A The entire United States and Canada.

18 Q Is it your practice to visit accounts in  
19 various states?

20 A Yes.

21 Q In approximately how many states are there  
22 accounts?

23 A Approximately two-thirds of the states.

24 Q Do you oversee the keeping of the sales  
25 records as sales manager?



1 fp

Astle

16

2 A No.

3 Q Who does?

4 A Mrs. Levine.

5 Q Does she have a first name?

6 A Sandra.

7 Q Where is she employed?

8 A 21 West 38th Street.

9 Q Where are the sales records kept?

10 A 21 West 38th Street.

11 Q In the past year, how often have you gone to  
12 Atlanta, Georgia?

13 A Four times.

14 Q I don't believe that your resident address  
15 was asked, but in the event that I missed it, will  
16 you give it to us again?

17 A 6 Woodbine Avenue, Larchmont, New York.

18 MR. SILBERMAN: I have no further questions  
19 of this witness.

20 EXAMINATION

21 BY MR. HORN:

22 Q With respect to these four visits to Atlanta  
23 in 1976, Mr. Astle, how many days total time have you  
24 spent in Atlanta in 1976?

25 A I would say eight days.

1 fp

Astle

17

2 Q Have you ever received any complaints from  
3 Georgia customers with respect to the random spot  
4 product?

5 A No.

6 Q Have you ever received any complaints with  
7 respect to the random spot product from customers who  
8 placed their orders through the Georgia office?

9 A What do you mean by complaint? Do you mean  
10 a returned garment?

11 Q No. What end uses do your random spot  
12 products general<sup>ly</sup> end up in?

13 A Either men's wear or women's wear.

14 Q What percentage of sales of the random spot  
15 item are made out of your New York office compared with  
16 overall sales of that item nationwide?

17 A I don't know.

18 Q What percentage of sales of the random spot  
19 product are made out of your Atlanta office compared  
20 to national sales overall?

21 A That I don't know either.

22 Q Are you contemplating closing down your  
23 Georgia office?

24 A No.

25 MR. HORN: No further questions.



1 fp

2 EXAMINATION

3 BY MR. SILBERMAN:

4 Q How many customers does Staflex Company have  
5 for its random dot interlining within the State of  
6 Georgia?

7 A None.

8 Q No customers at all in Georgia?

9 A No.

10 MR. SILBERMAN: No more questions.

11 BY MR. HORN:

12 Q I don't know if I asked the question before,  
13 but have you sold any random spot items out of your  
14 Georgia office?

15 A The salesman based in the Georgia office has  
16 been responsible for the sale.

17 Q Have there been any such sales?

18 A Yes.

19 MR. HORN: No further questions.

20

21

22

23

24 Signed and sworn to before me  
25 this 7 day of 1976.

MILTON DINGWITZ  
NOTARY PUBLIC, State of New York  
No. 03-6041200  
Qualified in Bronx County  
Commission Expires March 30, 1978

1 fp

2

CERTIFICATE

3 STATE OF NEW YORK )

) ss.

4 COUNTY OF NEW YORK)

5

I, Florence E. Parrella, a Certified

6

Shorthand Reporter and Notary Public within and

7

for the State of New York, do hereby certify:

8

That SYDNEY A. ASTLE, the witness

9

whose deposition is hereinbefore set forth, was

10

duly sworn by me and that such deposition is a

11

true record of the testimony given by such witness.

12

I further certify that I am not related

13

to any of the parties to this action by blood

14

or marriage, and that I am in no way interested

15

in the outcome of this matter.

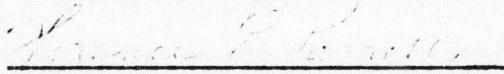
16

IN WITNESS WHEREOF, I have hereunto set

17

my hand this 29th day of November, 1976.

18

  
Florence E. Parrella - CSR

19

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DEPOSITION OF ROBERT J. FRIEDMAN TAKEN NOVEMBER 29, 1976

1 fp

1

2 UNITED STATES DISTRICT COURT

3 SOUTHERN DISTRICT OF NEW YORK

4 -----x

5 STAFLEX COMPANY, THE HARODITE :  
6 FINISHING COMPANY, INC., :

7 Plaintiffs,

: 76 Civil 5011

8 vs.

9 PELLON CORPORATION, :

10 Defendant. :

11 -----x

12

13 November 29, 1976  
14 12:40 P. M.15 DEPOSITION of ROBERT J. FRIEDMAN, taken  
16 by Defendant pursuant to notice and stipulation  
17 of the parties at the offices of Burgess Dinklage  
18 & Sprung, Esqs., 600 Third Avenue, New York,  
19 New York 10016, before Florence E. Parrella, a  
20 Certified Shorthand Reporter and Notary Public of  
21 the State of New York.

22

23 - - - - -

24

25

2

## APPEARANCES:

3 BLUM, MOSCOVITZ, FRIEDMAN & KAPLAN, ESQS.  
Attorneys for the Plaintiffs  
4 730 Third Avenue  
New York, New York 10017  
5 BY: JAMES K. SILBERMAN, ESQ., of Counsel.

6 BURGESS DINKLAGE & SPRUNG, ESQS.  
Attorneys for the Defendant  
7 600 Third Avenue  
New York, New York 10016  
8 BY: LEONARD HORN, ESQ., of Counsel.

9

STIPULATION

10 IT IS HEREBY STIPULATED AND AGREED by  
11 and between the attorneys for the respective  
12 parties hereto that the witness may sign and  
13 swear to his deposition before any notary public;  
14 that sealing, filing and certification are waived;  
15 and that all objections except as to the form of  
16 the question are reserved to the time of trial.

17 IT IS FURTHER STIPULATED AND AGREED  
18 that Counsel for the Defendant will furnish copy  
19 of the transcript to Counsel for the Plaintiffs.

20 ROBERT J. FRIEDMAN,  
21 called as a witness, being first duly sworn by the  
22 notary public herein, testified as follows:

23 EXAMINATION

24 BY MR. HORN:

25 Q Could you please give me your educational



1 fp

Friedman

3

2 and professional background as in a resume, starting  
3 from college and going forward in time?

4 A I am a graduate of the University of  
5 Michigan.

6 Q Year?

7 A 1937. I graduated Brooklyn Law School 1941.  
8 That is all my education.

9 Q What did you study in Michigan?

10 A Political Science major.

11 Q And your employment in the textile industry?

12 A You mean describe my employment?

13 Q Dates of employment and your positions.

14 A 1948 was my entry into the textile industry,  
15 and I am a Vice President-Clerk of the Harodite  
16 Finishing Company.

17 (Discussion off the record.)

18 Q Have you been with Harodite since 1984? *1948?*

19 A Yes.

20 Q And where do you reside, sir?

21 A Newton, Massachusetts.

22 Q What time did you leave your home this morning  
23 on this trip?

24 A I left my home this morning approximately  
25 9:00 a. m.

2 Q And what time did you arrive at midtown  
3 Manhattan?

4 A 12:30.

5 Q How long has Harodite been applying adhesive  
6 to substrates to form fusible interlinings?

7 A I would say about ten years.

8 Q And how long has Harodite been applying  
9 adhesives to form fusible interlinings with a  
10 random spot pattern?

11 A Since about December of 1975.

12 Q Do you know the facts surrounding Harodite's  
13 manufacture of such an item?

14 A I don't quite understand your question. What  
15 do you mean the facts?

16 Q Well, how did Harodite come to manufacture  
17 such an item?

18 A The Staflex Company asked us to manufacture  
19 this particular item.

20 Q What instructions did they give you?

21 A I can't answer that. I don't have knowledge  
22 of what instructions they gave us.

23 Q Who would?

24 A Probably Mr. Gutman.

25 Q What is Mr. Gutman's capacity?



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2 A He is the President of the corporation.

3 Q Does Harodite today produce random spot  
4 items?

5 A We are producing a random spot item. We  
6 are producing a lot of fusible interfacing, but most  
7 of the fusible interfacing are not the random spot  
8 interfacing, if that is what you are talking about.

9 Q But included in the products which you  
10 produce, is there a random spot item?

11 A Yes.

12 Q Does Harodite maintain an inventory of  
13 these random spot items?

14 A Well, it maintains an inventory for the  
15 customer, for Staflex Company, who Harodite makes it  
16 for.

17 Q Who owns the inventory which Harodite  
18 maintains?

19 A Staflex owns the inventory. Harodite  
20 produces the inventory and bills it to the Staflex  
21 Company.

22 Q Does Harodite own the substrates to which  
23 it applies the adhesive?

24 A Yes.

25 Q And Harodite owns the adhesive which it

1 fp

2 purchases to apply?

3 A Yes.

4 Q If Pellon Corporation wished to buy a  
5 random spot item from Harodite, would Harodite  
6 supply it?

7 A I don't believe so.

8 Q If anyone other than Staflex wished to  
9 purchase a random spot item from Harodite, would  
10 Harodite supply it?

11 A No.

12 Q Is Harodite free to introduce new random  
13 spot items into its line, or does it operate on  
14 instructions from Staflex?

15 A It operates on instructions from Staflex  
16 at the present time. Let me clarify it.

17 My understanding is that at the present time,  
18 Harodite and Staflex have an agreement wherein Harodite  
19 will manufacture the random spot interfacing only for  
20 Staflex. That is at the present time. Whether at  
21 some future time Harodite will be free to offer it  
22 to other people, I have no knowledge of it, because  
23 I am not in a marketing capacity in this particular  
24 situation.

25 Q If Pellon should prevail in this lawsuit



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Friedman

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2 either in New York or Georgia and money damages be  
3 awarded, who would pay, Staflex or Harodite?

4 A I assume it is how the decision is handed  
5 down. If it is handed down - in other words, Harodite  
6 will not assume Staflex's debts, if that is what you  
7 are trying to get at, and Staflex is not going to  
8 assume Harodite's debts.

9 Q Have there been any discussions between  
10 Staflex and Harodite as to how liability might be  
11 split between them in the event such liability were  
12 found?

13 A I don't know.

14 Q Do you mean there is somebody else who  
15 might know other than yourself?

16 A It is conceivable somebody else might know.  
17 As far as I know, there has been no discussion about  
18 who would assume liability or how liability would be  
19 split, and I really can't testify on that.

20 Q Is Harodite paying the attorneys' fees for  
21 the proceedings so far?

22 A Not that I know of. I don't know if we  
23 have even been billed by the attorney. I don't think  
24 there has been any agreement - Harodite will pay the  
25 attorneys' fees insofar as Harodite appears in the

2 action. Harodite is not going to pay all the  
3 attorneys' fees.

4 (Discussion off the record.)

5 Q How did Harodite first become aware of a  
6 random spot item?

7 A I can't give you an answer. I don't know.

8 Q When did you first become aware of a  
9 random spot item?

10 A I first became aware of it about a year  
11 ago or so when we started manufacturing it.

12 Q How did Harodite come to manufacture it?

13 A The Staflex Company asked Harodite to  
14 manufacture it.

15 Q Do you know who of Staflex spoke with whom  
16 of Harodite?

17 A I can't testify exactly, but I would assume  
18 that Mr. Rodman, who is the Managing Director of  
19 Staflex, spoke to Mr. Gutman, who is the President of  
20 Harodite Finishing Company, and suggested it.

21 Q Do you think Mr. Gutman would be better  
22 qualified to answer these questions?

23 A Well, Mr. Gutman would be better qualified  
24 to answer any technical questions. I can testify as  
25 to the nontechnical aspects of the corporation, but I



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Friedman

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2 am not a technical man and I am not involved that  
3 much in the technical parts of the company.

4 MR. SILBERMAN: I produced Mr. Friedman  
5 in response to your need for someone who could  
6 answer questions that bore upon the jurisdictional  
7 issues that are presented in this litigation, and  
8 Mr. Gutman was unavailable on short notice because  
9 of the Thanksgiving weekend, and he was at that time  
10 when we spoke already in St. Louis.

11 When we get to technical issues, Mr. Gutman  
12 will be made available assuming we take depositions  
13 or discovery in a New York action. Of course, since  
14 Harodite is not a party to the Georgia action, I  
15 have no control over Mr. Gutman in the Georgia  
16 action.

17 MR. HORN: We are of course concerned  
18 with the New York action and in connection with the  
19 motion which is set for hearing, I feel I need  
20 information regarding whether the true party in  
21 interest is Staflex, Harodite, or some combination  
22 thereof, to which end I am trying to find out the  
23 facts as to whether Harodite acted independently or  
24 was just a pair of hands working at Staflex's  
25 direction.

Since part of that is concerned with what

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Friedman

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2 information was imparted from Staflex to Harodite,  
3 I feel full exploration of that line is in order,  
4 and I requested Mr. Gutma, and when he was unavailable,  
5 I requested an extension, which you could not see  
6 clear to grant.

7 It would appear the deposition of Mr. Gutman  
8 is essential in connection with certain of these  
9 questions and I will raise the point when appropriate,  
10 but I will continue insofar as possible with Mr.  
11 Friedman.

12 Q To your knowledge, is Harodite free to  
13 change the manufacturing process for any of the  
14 random spot items on its own initiative?

15 A I don't believe so, but once again, I  
16 really shouldn't answer this because really I am not  
17 technically qualified to answer it. That question is  
18 such an iffy question - when you say is it free to  
19 change the manufacturing process, in other words,  
20 could it improve it, could it do something else with  
21 it, I really am not qualified to answer it and I  
22 shouldn't answer it.

23 MR. SILBERMAN: What Mr. Horn is getting at  
24 is the legal relationship between Harodite and  
25 Staflex Company, not technical or scientific matters,



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Friedman

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2 and I believe that you know the legal relationship,  
3 or at least if you can testify with respect to it,  
4 do so.

5 THE WITNESS: Well, in the sense that  
6 Staflex is a customer of Harodite Finishing? Is  
7 that what you are talking about, or in the sense  
8 that Harodite is one of the partners with Staflex  
9 International in the Staflex Company through the  
10 Harodite New York Company? Is that what you are  
11 asking?

12 I don't quite understand.

13 (Discussion off the record.)

14 Q Who owns Harodite Finishing Company, Inc.?

15 A Well, it is a corporation which is owned  
16 by stockholders.

17 Q Is it a public corporation?

18 A No, it is a private corporation.

19 Q Who are the private owners of Harodite  
20 Finishing Company?

21 A Right now there are two trusts that own it.  
22 The majority stockholder is the Nathan H. Friedman  
23 Trust, and the minority stockholder is the - I am not  
24 sure of the exact name - it is either the Dewey Stone  
25 Charitable Trust or the Stone Charitable Foundation.

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Friedman

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2 Q I believe you indicated there is a  
3 Harodite New York, which is part owner of Staflex  
4 Company; is that correct?

5 A That is right.

6 Q Who owns Harodite New York?

7 A Harodite New York Corporation is owned  
8 by the Harodite Finishing Company.

9 Q Wholly owned?

10 A Yes.

11 Q In this New York action, you were then  
12 saying that one of the plaintiffs, Harodite Finishing  
13 Company, owns 50% of the other plaintiff; is that  
14 correct?

15 A Well, yes, in a sense it is correct.

16 (Discussion off the record.)

17 Q Since Harodite Finishing Company in a  
18 sense owns 50% of Staflex Company, how is the sales  
19 price from Harodite to Staflex agreed upon?

20 A Well, it is based on the cost of the sub-  
21 strate, the cost of the finishin g process, a profit  
22 factor put in; and it has to be competitive, and like  
23 any other company would set its price, materials,  
24 labor, overhead.

25 Q Did Staflex Company and Harodite Finishing



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Friedman

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2 Company discuss the question of possible patent  
3 infringement before they individually or collectively  
4 were sued by Pellon Corporation in Georgia?

5 A I really can't testify from my own knowledge,  
6 but I would say to you voluntarily that I doubt it  
7 very much because nobody even had any idea that  
8 there was any possibility of a patent infringement.

9 Q Were you personally aware of the existence  
10 of the Pellon patent?

11 A I was very unaware of it.

12 Q Then the price from Harodite Finishing  
13 Company to Staflex Company presumably does not  
14 include a contingent patent infringement liability  
15 factor, does it?

16 A No.

17 Q Would you then be of the view that if  
18 liability were to be assessed, it should be paid by  
19 Staflex Company as opposed to Harodite Finishing  
20 Company?

21 A I wouldn't have any views on it.

22 Q Who might have a view on it?

23 A Maybe Mr. Gutman would and the people at  
24 Staflex would maybe. But I can't speak for them.

25 MR. HORN: No further questions.

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Friedman

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2 EXAMINATION

3 BY MR. SILBERMAN:

4 Q Does Harodite manufacture fusible interlinings  
5 other than the random dot?

6 A Yes.

7 Q Do they sell such fusible interlinings to  
8 Staflex Company?

9 A Yes.

10 Q Do they sell them to anyone else?

11 A Yes.

12 Q To whom?

13 A Well, Harodite Finishing Company sells  
14 fusible interfacings to distributors who are mostly  
15 in New York, but scattered around the country.

16 Q Does the Harodite Finishing Company and  
17 Staflex Company compete with one another in fusible  
18 interlinings not of the random spot pattern?

19 A Yes, they do because Staflex Company has  
20 distributors of it which are in competition with  
21 the distributors that the Harodite Finishing Company  
22 sells to.

23 Q Does the Harodite Finishing Company have  
24 an office in Georgia?

25 A No.

Q Do they sell random dot fusible interlinings



1 fp

2 in Georgia?

3 A No.

4 Q Are you aware of any contract between the  
5 Harodite Finishing Company and Staflex Company that  
6 would prevent Harodite from selling to others the  
7 random dot fusible interlining?

8 A No.

9 Q Does Harodite have any present plans to sell  
10 that random dot to others?

11 A Not that I know of.

12 Q Are you aware of any reason why they could  
13 not tomorrow go out and sell that random dot to others?

14 A No.

15 Q In other words, they could?

16 A I believe they could.

17 Q Can you tell us why it took you three hours  
18 to get from your home to midtown Manhattan today?

19 A Well, I woke up this morning, I went out to  
20 the driveway to take my car out of the garage. My  
21 daughter's car was parked in the driveway because  
22 she was going back to Connecticut College this  
23 morning. The car would not start. I called the service  
24 station. The service station people came and towed  
25 the car to the service station.

2 At that point I left the car at the service  
3 station, took my car out of the garage and drove to  
4 the airport.

5 I got to the airport and the 10 o'clock  
6 shuttle was already full and I had to wait until  
7 10:30 to put the back-up shuttle on.

8 We got over to LaGuardia and the pilot  
9 announced that because there was a navigational aid  
10 out of commission at LaGuardia Airport, it would be  
11 another 15 or 20 minutes before we could land.

12 When we landed, I immediately went to the  
13 waiting room, called Mr. Leonard Hand, told him I  
14 would be late, hopped into a cab and made excellent  
15 time getting into this office.

16 Q And even with all that, you still were able  
17 to make it in three hours from your home?

18 A That is right.

19 Q Do you know what percentage of the business  
20 that Harodite does in fusible interlinings is done  
21 with Staflex Company?

22 A I would say about 50%.

23 Q Does Staflex Company have any say in the  
24 operation of the Harodite Company?

25 A No.



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2 Q Does anyone from Staflex Company sit on the  
3 Board of Directors of Harodite?

4 A No.

5 Q Where are the corporate records of the  
6 Harodite Company kept?

7 A Kept at the home office at Taunton,  
8 Massachusetts.

9 Q Does the Harodite Company have an office  
10 in New York City?

11 A Harodite has a sales office in New York  
12 City.

13 Q Where is that located?

14 A 35 West 36th Street.

15 Q Is that on the premises of Staflex  
16 Company?

17 A No.

18 Q Does Staflex Company pay for any of that  
19 office?

20 A No.

21 Q Is that paid for solely by Harodite?

22 A Solely by Harodite.

23 Q How many people work out of that office?

24 A We have five salesmen and two secretaries.

25 MR. SILBERMAN: I have finished.

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2 BY MR. HORN:

3 Q Does Harodite have the capacity to produce  
4 more of the random spot item than it presently  
5 produces?

6 A Yes.

7 Q Is the only reason Harodite does not  
8 produce beyond that present level because Staflex  
9 will not permit it?

10 A On the basis of our present agreement - when  
11 you say produce more of it, we are producing as much  
12 as we want to produce at the present time, but when  
13 you say produce more of it, I don't know exactly what  
14 you mean. You had better rephrase it I think.

15 Q Let us get to the Staflex-Harodite agreement.  
16 Is this a written agreement?

17 A Which Staflex-Harodite agreement?

18 Q Is there more than one agreement between  
19 Staflex and Harodite?

20 A Are you talking about the agreement on the  
21 random dot or are you talking about an agreement, a  
22 general agreement between them? I don't know which  
23 agreement you are talking about.

24 Q Is there more than one agreement between  
25 Staflex International, Staflex Corporation and



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2 Staflex Company on the one part and on the other part,  
3 Harodite Finishing Company and Harodite New York?

4 A There was an original agreement, a contract  
5 between Staflex International and the Harodite  
6 Finishing Company, but there is no written agreement  
7 on the random dot, if that is what you are talking  
8 about.

9 Q Is there an oral agreement on the random  
10 spot item?

11 A Yes, there is an oral agreement.

12 Q What are the terms of that oral agreement?

13 A Vaguely, as far as I know, that the Harodite  
14 Finishing Company at the present time will not sell  
15 the random spot to anybody but the Staflex Company.

16 Q Under that oral agreement as you understand  
17 it, is the Staflex Company free to have the random  
18 spot item manufactured by anyone other than the  
19 Harodite Finishing Company?

20 A No.

21 Q So there are reciprocal obligations of  
22 exclusivity?

23 A Right.

24 Q I believe you indicated you lived in Newton?

25 A Right.

1 Q I believe Harodite's plant is in Taunton?

2 A Taunton.

3 Q Is Taunton further from Logan Airport  
4 than Newton?

5 A Yes, it is.

6 Q About how much further?

7 A It is about 45 miles from Newton in the  
8 other direction.

9 Q How far is Taunton from Logan Airport then?

10 A It depends on which way you want to go.  
11 I would say 45 miles.

12 MR. HORN: No further questions.

13 BY MR. SILBERMAN:

14 Q Is my understanding correct that Taunton  
15 is somewhere down near the Rhode Island border?

16 A Yes, it is about 18 miles from Providence.

17 Q And the other agreement to which you made  
18 reference, I assume that would be the partnership  
19 agreement?

20 A Yes.

21 Q And are they 50/50 partners?

22 A Yes.

23 MR. SILBERMAN: I am finished.

24

25  
*Richard T. Friedman*  
Signed and sworn to before me  
this 9 day of December 1976

SOUTHERN DISTRICT COURT REPORTERS, U.S. COURTHOUSE  
FOLEY SQUARE, NEW YORK, N.Y. - 791-1020



2 CERTIFICATE

3 STATE OF NEW YORK )  
4 ) ss.  
COUNTY OF NEW YORK)

5 I, Florence E. Parrella, a Certified  
6 Shorthand Reporter and Notary Public within and  
7 for the State of New York, do hereby certify:

8 That ROBERT J. FRIEDMAN, the witness  
9 whose deposition is hereinbefore set forth, was  
10 duly sworn by me and that such deposition is a  
11 true record of the testimony given by such witness.

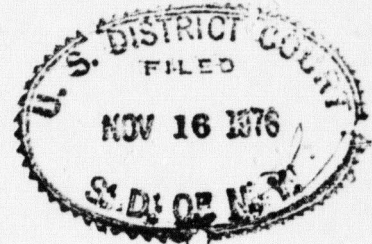
12 I further certify that I am not related  
13 to any of the parties to this action by blood or  
14 marriage, and that I am in no way interested in  
15 the outcome of this matter.

16 IN WITNESS WHEREOF I have hereunto set  
17 my hand this 29th day of November, 1976.

18 Florence E. Parrella  
19 Florence E. Parrella - CSR

PLAINTIFFS' MEMORANDUM OF LAW IN SUPPORT OF ITS MOTION  
FOR A RESTRAINING ORDER UNDER RULE 65 OF THE FEDERAL  
RULES OF CIVIL PROCEDURE

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



-----X  
STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC., :  
Plaintiffs, :  
v. :  
PELLON CORPORATION, :  
Defendant. :

CIVIL ACTION NO.  
76 Civ 5011  
JUDGE KNAPP

-----X

PLAINTIFFS' MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR A RESTRAINING ORDER  
UNDER RULE 65 OF THE FEDERAL RULES OF  
CIVIL PROCEDURE

PRELIMINARY STATEMENT

Defendant Pellon Corporation (PELLON) manufactures and sells fusible interlinings which are used to stiffen and line fabrics made up into garments. Fusible interlinings are interlinings which have a heat activated adhesive applied thereto so that the interlinings may be intimately secured to fabrics with the application of heat and pressure. Fusible interlinings are sometimes denominated as iron-in interlinings.

PELLON claims to be the owner of U. S. Patent No. 3,914,493 issued October 21, 1975 and entitled "Iron-In Stiffening Inserts" (Suit Patent). The Suit Patent identifies two individual residents of Germany as the inventors and names Firma Carl Freudenberg, a German company as the original assignee.



Plaintiff Staflex Company (STAFLEX) is a New York Partnership having headquarters in New York City and sells, as its principal product line, fusible interlinings. STAFLEX does not manufacture fusible interlinings. The fusible interlinings sold by STAFLEX are manufactured by Plaintiff The Harodite Finishing Company, Inc. (HARODITE), a Massachusetts corporation with manufacturing facilities in Taunton, Massachusetts.

PELLON brought suit against STAFLEX for infringement of the Suit Patent by the filing of a patent infringement action in the United States District Court, Northern District of Georgia, Atlanta Division. The Action, Civil Action No. C76-1520A (Georgia Action) was filed on September 15, 1976 but issue has yet to be joined in the Georgia Action. HARODITE, the manufacturer, is not a party to the Georgia Action.

HARODITE, the manufacturer has joined with STAFLEX, the seller, in bringing the instant action for a Declaratory Judgment of non-infringement and invalidity of the Suit Patent in order to have a complete adjudication of the issues between all of the real parties in interest and has brought the action in this District in view of the contacts of all of the parties with this geographical area and the lack of contacts by any of the parties with Georgia.

The present motion seeks an order restraining PELLON from further prosecution of the Georgia Action pending a final determination of this action.



STATEMENT OF FACTS

The Georgia Action was commenced on September 15, 1976 and charges STAFLEX with infringement of the Suit Patent. Service was first made on a STAFLEX salesman at a Trade Show in Atlanta and was subsequently made on a salesman at the STAFLEX sales office in Atlanta. HARODITE is not a party to the Georgia Action. Issue has yet to be joined in the Georgia Action.

HARODITE is a Massachusetts corporation with manufacturing facilities in Taunton, Massachusetts. There it manufactures fusible interlinings with random dot patterns known as computer dot patterns which it sells to STAFLEX for sale to customers throughout the United States. HARODITE does not sell fusible interlinings with the computer dot pattern to any customer other than STAFLEX. The fusible interlinings with the computer dot pattern are the subject of the charge of patent infringement made by PELLON in the Georgia Action.

In order for there to be a complete disposition of the issues of patent infringement between PELLON, the owner of the patent in suit and HARODITE, the manufacturer and STAFLEX the seller, HARODITE and STAFLEX have joined in bringing the instant Declaratory Judgment Action.

Georgia is deemed to be a District wholly foreign to the issues of patent infringement between the parties. PELLON is a New York corporation with headquarters in New York City and with fusible interlining manufacturing facilities in



Lowell, Massachusetts, Chelmsford, Massachusetts and Hopkinsville, Kentucky. The subject matter of the Suit Patent was allegedly invented by two individuals who reside in Germany and was originally assigned to Firma Carl Freudenberg, a German company. PELLON alleges that Freudenberg assigned the patent to it.

The executives of PELLON are located at its headquarters in New York City, the technical personnel of PELLON are located in Massachusetts and Kentucky, the executive and technical personnel of STAFLEX are located in New York City and the executive and technical personnel of HARODITE are located in Massachusetts. PELLON is not known to have any connection with Georgia as respects the subject of this patent infringement action, HARODITE has no connection with Georgia with respect to the subject of this patent infringement action and the only connection that STAFLEX has with Georgia with respect to the subject of this patent infringement action is the presence of two salesmen who sell fusible interlinings including the computer dot fusible interlinings.

A determination of the issues of patent infringement and validity in the Georgia Action between PELLON and STAFLEX will not be binding on HARODITE, the manufacturer of the goods.

The instant motion seeks to restrain PELLON from further prosecuting the Georgia Action against STAFLEX until determination of the issues and final disposition of the instant action.

ARGUMENT

I - SECOND FILED ACTION TAKES PRECEDENCE  
WHEN IT WILL BE DETERMINATIVE OF ALL  
ISSUES BETWEEN REAL PARTIES IN INTEREST

This is a case of competing jurisdictions. PELLON brought the first filed action for patent infringement in Georgia against STAFLEX, the seller of fusible interlinings alleged to infringe the patent in suit. HARODITE, the manufacturer of the fusible interlinings was not made a party to the Georgia Action.

The instant action is the second filed action. In it, HARODITE the manufacturer has joined STAFLEX the seller in a Declaratory Judgment Action against PELLON seeking a declaration of the very same issues of patent infringement and validity as would be presented to the Court in the Georgia Action.

HARODITE could not have been made a party to the Georgia Action in view of lack of jurisdiction over HARODITE. 28 U.S.C. 1400(b) exclusively controls venue in patent infringement actions and requires that they

"be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

As can be seen from the Affidavit of Alfred E. Gutman, President of Harodite, HARODITE lacks a regular and established place of business in Georgia and also has not committed acts of alleged patent infringement in Georgia since it does not sell or in any way deal in Georgia with the fusible interlinings which are the subject of the charge of patent infringement. All such



interlinings are manufactured by HARODITE in Massachusetts and sold to STAFLEX. Clearly HARODITE does not "reside" in Georgia. Therefore, a comprehensive action with respect to the issues of patent infringement against all of the parties in interest could not have been brought by PELLON in Georgia.

It is hornbook law that two actions should not proceed side-by-side. It is wasteful of judicial resources and of the resources of the parties. In this motion, the Court is called on to determine whether the instant action should proceed or the first filed Georgia Action should take precedence. The Supreme Court spoke clearly on this specific issue in Kerotest Mfg. Co. v. C-O-Two Fire Equipment Co., 342 U.S. 180 (1952). Mr. Justice Frankfurter stated at page 183:

"The Federal Declaratory Judgments Act, facilitating as it does the initiation of litigation by different parties to many-sided transactions, has created complicated problems for coordinate courts. Wise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation, does not counsel rigid mechanical solution of such problems. The factors relevant to wise administration here are equitable in nature. Necessarily, an ample degree of discretion, appropriate for disciplined and experienced judges, must be left to the lower courts."

Following Kerotest, the Courts of this Circuit have held that, absent overriding considerations, the first filed action should take precedence. Mattel, Inc. v. Louis Marx & Co., 353 F. 2d 421 (1965).

By this motion, plaintiffs ask the Court to give precedence to the second filed action in view of the substantial overriding considerations.

Most significant is the fact that the manufacturer of the allegedly infringing fusible interlinings is a party to this action and cannot be made a party to the Georgia Action. A final decision in this action will be determinative of all of the issues with respect to the patent in suit between PELLON, the patent owner and STAFLEX the seller and between PELLON and HARODITE, the manufacturer.

There is ample authority in this District to support according precedence to the instant action. In Delamere Company v. Taylor-Bell Co., 199 F.Supp. 55 (S.D.N.Y. 1961), Taylor-Bell had brought a patent infringement action against a customer of Delamere. Delamere subsequently brought a Declaratory Judgment Action on the issues of patent infringement against Taylor-Bell in the Southern District of New York. Delamere then moved to enjoin Taylor-Bell from proceeding in the first filed action in Virginia. This Court granted Delamere's motion on the grounds that the Southern District of New York was the place where all parties had their principal places of business and all witnesses whose testimony would be relevant on the issues were located in or near New York.

The decision of this Court in Delamere is directly in point. The Georgia Action was against the customer of the manufacturer, not against the manufacturer while the manufacturer is present only in this action. In Delamere the Court noted



that the manufacturer could not have been made a party to the first filed Virginia Action. The customer, STAFLEX is a party to this action and the Court noted in Delamere that the customer had consented to be made a party to the New York Action. All executive and technical personnel of the manufacturer HARODITE and the customer STAFLEX are located in or near New York. All STAFLEX personnel are in New York and the HARODITE personnel are in the Boston Area, only one hour away. PELLON, the patent owner, has its headquarters in New York City and its main manufacturing facilities in the Boston Area.

None of the parties have witnesses located at or near Atlanta, Georgia.

A similar result was reached in Sybil Ives, Inc. v. Helene Curtis Industries, Inc., 249 F.Supp. 865 (S.D.N.Y. 1965). In Helene Curtis, Helene Curtis filed a trademark infringement action against a customer of Sybil Ives in Illinois. Subsequently, a Declaratory Judgment Action was filed by Sybil Ives, the manufacturer, in this Court. This Court enjoined Helene Curtis from prosecuting the Illinois Action pending a determination of the New York Action even though the Illinois Action had been first in time.

Similar results have been obtained in similar circumstances in other Districts. See Squeez-A-Purse Corp. v. Stiller, 149 F.Supp. 60 (N.D. Ohio, 1957); Sortex Company of North America v. Mandrel Industries, Inc., 226 F.Supp. 995 (W.D. Mich., 1964).

A review of each of the foregoing cases shows that the Court when presented with a motion to restrain the prosecution of a first filed action avoided a rigid application of filing dates of the complaint but, instead, applied the

overriding guidelines established by the Supreme Court in Kerotest to conserve judicial resources and provide for comprehensive disposition of litigation.

Only in the instant action can there be a comprehensive disposition of the issue of patent infringement as respects both the manufacturer of the fusible interlinings and the seller of such fusible interlinings.

Going beyond the question of comprehensive disposition we see that all of the parties have their headquarters in this geographical area and that all of the prospective witnesses, except possibly those residing in foreign countries, are located in this geographical area and that none of the parties or the witnesses have any relationship to Atlanta, Georgia.

While the customer STAFLEX may have been subject to jurisdiction of the Federal Court in Atlanta because of the presence there of a sales office and two salesmen, this single factor cannot override the very heavy weight of the relationship of all parties and witnesses with New York and the ability of a comprehensive disposition of the issues between all of the real parties in interest in the New York Action.

II - FIRST CHOICE OF FORUM WILL NOT  
STAND IN FACE OF OBVIOUS  
FORUM SHOPPING

After examining the relationship of each party to the other and to the competing forums, a single question jumps out of the facts: Why did PELLON choose Georgia in the first instance when it and STAFLEX are both located right here in New York City?



The answer may be found in Judge Palmieri's comments in Rayco Manufacturing Co. v. Chicopee Manufacturing Co., 148 F.Supp. 588 (S.D.N.Y. 1957), at page 592:

"- - - I feel that the real reason for Rayco's coming into New York has been left unsaid, and for apparent reasons. There appears to be a general attitude among the patent bar that the Second Circuit is most uncharitable to patents. Consequently, a party desiring to have a patent declared invalid will probably seek to sue here, while a party suing to enforce its patent in an infringement suit will probably bring it elsewhere, even to the point of suing a customer of the infringer instead of the direct infringer. These tactics are plainly evident from the federal reports and have been recognized by the Supreme Court."

Judge Palmieri in Rayco ultimately held that the third filed action should proceed and, in light of the apparent forum shopping by both parties, selected the forum with which the parties were most closely associated. The Judge held at page 593:

"The New York Suit was begun before the New Jersey Action, but the business activities of all the parties are much more closely connected with New Jersey."

It is well accepted among patent attorneys that the courts of the Fourth and Fifth Circuits are most hospitable to patents in the textile art. Since Georgia is the only place in the Fourth and Fifth Circuits where PELLON could find STAFLEX, the conclusion is inescapable that PELLON shopped for a favorable forum rather than bringing the action here in New York where the PELLON headquarters is less than 20 blocks from the STAFLEX headquarters. In similar circumstances Judge Palmieri was strongly moved to remark:

"I find these tactics deplorable. That the issuance of a patent should be tantamount to the blowing of a starter's whistle in a foot race among patent counsel is indeed a lamentable spectacle. I believe that a litigant, whether a swift first or as a prompt retaliator, is open to the charge of forum shopping whenever he chooses a forum with slight connection to the factual circumstances surrounding his suit." 148 F.Supp at 592.

The instant fact situation points to proper forum selection in two federal districts. One is the Southern District of New York where the patent owner and the seller of the allegedly infringing goods have their headquarters and where their executives are located and where technical personnel of the seller are present and where the manufacturer has agreed to submit to the jurisdiction of the Court. The other is the District of Massachusetts where the patent owner does its manufacturing and where the alleged infringer does its manufacturing. The geographically remote District of Georgia can be nothing more than an attempt at forum shopping.

### III - CONDITION OF COURT CALENDAR IS ONLY ONE OF FACTORS TO BE CONSIDERED

In responding to the instant motion, it is anticipated that PELLON will argue that the court calendar in the Northern District of Georgia is less crowded and will result in an earlier disposition of the case. In Delamere, supra., this Court stated:

"Taylor-Bell urges that it should be allowed to proceed with its suit in Virginia against Delamere's customer because of the less congested condition of the Virginia court's trial calendar. Similar arguments



were made in most of the other cases considered herein but were found outweighed by the other factors present. 'If an early trial were the crucial test, then in virtually every instance the Southern District of New York would be ousted of its jurisdiction. - - -'" (citations omitted) 199 F.supp. at 58.

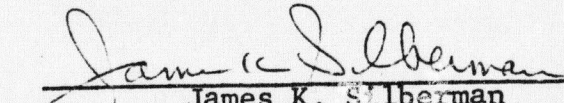
Even assuming a less crowded court calendar in Georgia, the manifold factors discussed herein must clearly carry the day. Perhaps the single most important factor is the presence of the manufacturer of the allegedly infringing goods here in the Southern District of New York. The locations of headquarters, executives, technical personnel, potential witnesses, and factory locations are other factors which also point to the Southern District of New York.

#### IV - CONCLUSIONS

In view of all the foregoing, it is submitted that this action should be accorded precedence over the action now pending in the United States District Court for the Northern District of Georgia and that an Order should be entered restraining defendant from further prosecution of the Georgia action.

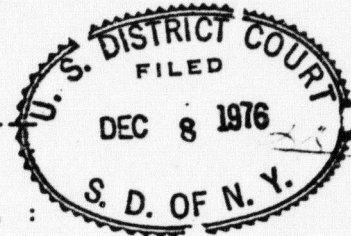
Respectfully submitted,

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James K. Silberman

DEFENDANT'S MEMORANDUM OF LAW IN SUPPORT OF ITS OPPOSITION TO PLAINTIFFS' MOTION FOR A RESTRAINING ORDER UNDER RULE 65 OF THE FEDERAL RULES OF CIVIL PROCEDURE

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC., :

Plaintiffs, :

v. :

PELLON CORPORATION, :

Defendant :

CIVIL ACTION NO.  
76 CIV. 5011

*Judge Knapp*

DEFENDANT'S MEMORANDUM OF LAW IN SUPPORT OF ITS  
OPPOSITION TO PLAINTIFF'S MOTION FOR A RESTRAINING  
ORDER UNDER RULE 65 OF THE FEDERAL RULES OF CIVIL  
PROCEDURE

SUMMARY

Defendant Pellon Corporation opposes Plaintiffs' motion herein seeking to restrain Defendant from prosecuting an earlier filed action pending in the United States District Court, Northern District of Georgia, Atlanta Division.

The principal grounds for this opposition are that the Georgia action was first filed where Plaintiff Staflex was publicly infringing and has a regional sales office; if Plaintiff is infringing elsewhere, it is not as public. Older cases hold that in very exceptional fact situations an earlier filed case may be deferred in favor of a later filed case elsewhere but that does not apply to fact situations such as are here involved. The Blonder-Tongue doctrine of collateral estoppel makes it even less appropriate to defer the first action.



Plaintiff Staflex is the real party in interest and brings in Plaintiff Harodite in an ill-disguised attempt at forum shopping.

These arguments will now be expanded.

\* \* \* \* \*

Defendant Pellon Corporation (hereinafter "Pellon") brought suit against Plaintiff Staflex Company (hereinafter "Staflex") for infringement of Pellon's U. S. Patent No. 3,914,493 (hereinafter "Suit Patent") in the United States District Court Northern District of Georgia, Atlanta Division. The Action, Civil Action No. C76-1520A (hereinafter "Georgia,Action") was filed on September 15, 1976.

Plaintiffs' present motion seeks an order restraining Pellon from further prosecution of the Georgia Action pending a final determination of this action.

The Suit Patent relates to fusible interlinings which are used to stiffen and line fabrics made up into garments. Fusible interlinings, sometimes denominated as "iron-in interlinings," have a heat activatable adhesive applied thereto so that the interlinings may be secured to fabrics with the application of heat and pressure. The fusible interlinings of the Suit Patent have the heat activatable adhesive applied thereto as random spots and are hereinafter referred to as "random spot interlinings".

In September of this year at its booth at a trade show, the "Bobbin Show", in Atlanta, Georgia, Staflex had samples of random spot interlinings and "would have welcomed any orders in the booth" (pages 13, 14 of deposition of November 29, 1976 of Staflex President Martin Rodman, hereinafter "Rodman deposition"). Staflex has an Atlanta office from which Staflex salesmen work whose territory is Georgia, North and South Carolina and Eastern Tennessee (Rodman deposition, page 13). "The salesman based in the Georgia office has been responsible for the sale" of random spot interlinings (page 18 of deposition of November 29, 1976 of Staflex employee Sydney A. Astle, hereinafter "Astle deposition") Staflex's random spot interlinings are asserted by Pellon in the Georgia action as infringing upon the Suit Patent.

The fusible interlinings (which include the random spot interlinings) sold by Staflex are manufactured by Plaintiff The Harodite Finishing Company Inc. (hereinafter "Harodite"), a Massachusetts corporation with manufacturing facilities in Taunton, Massachusetts. Harodite owns Harodite New York Corporation (hereinafter "Harodite New York"). Harodite New York and Staflex Corporation (owned by Staflex International headquartered in London ) each own 50% of Staflex (pages 11, 12 of deposition of November 29, 1976 of Staflex Vice President Robert J. Friedman, hereinafter "Friedman deposition", and Rodman deposition, pages 4, 5).



The Courts of this Circuit have held that, absent overriding consideration, the first filed action should take precedence (page 6 of Plaintiff's memorandum in support of its motion for a restraining order). There certainly are no overriding considerations in the present case.

Harodite, through its wholly owned subsidiary Harodite New York, owns 50% of Staflex. Staflex manufactures "random spot interfacings only for Harodite" (Rodman deposition, page 22 and Friedman deposition, page 6). The relationship between Harodite and Staflex is even closer than the relationship between a manufacturer and an independent distributor. A manufacturer can intervene as a matter of equitable right in an infringement action brought against its distributor. Trumatic Machine & Tool Co. v. O. M. Scott & Sons Co., 180 F. Supp. 838 (S.D. N.Y. 1960); Yale & Towne Mfg. Co. v. Manning, Maxwell & Moore, 91 F. Supp. 106 (S.D.N.Y.)1950). A fortiori, Harodite, which owns 50% of Staflex, could intervene as a matter of equitable right in the Georgia Action. Moreover, a judgement in the Georgia Action that the Suit Patent is invalid will estop Pellon from bringing suit against Harodite for infringement of the Suit Patent by Harodite's manufacturing and selling of the random spot interfacings. Blonder-Tongue v. University Foundation, 402 U. S. 313 (1970). The Blonder-Tongue case was cited on



this point to support a finding that there were no compelling reasons for disregarding the ordinary rule that where two suits are filed in different forums, the first has priority, in an unpublished memorandum and order (copy appended hereto as Exhibit A ) of April 18, 1972 by Honorable Judge Edward R. Neaher of the United States District Court, Eastern District of New York, in Eutectic Corporation and New Metals Corporation v. Metco, Inc., Civil Action No. 72 C 102.

The Second Circuit cases which Plaintiffs cite at pages 7 and 8 of their memorandum, Delamere Company v. Taylor-Bill Co., 199 F.Supp. 55 (S.D.N.Y.) 1961) and Sybil Ines, Inc. v. Helene Curtis Industries, Inc., 249 F. Supp. 865 (S.D.N.Y. 1965) were cases where the first suit was an infringement suit against a customer of the manufacturer of the infringing product. So called "customer actions" have sometimes been an exception in the Second Circuit to the "first filed" rule. See page 868 of Sybil Ines, supra, where the court cites Delamere, supra, and Mattel, Inc. v. Louis Marx & Co., 353 F. 2d 421 (2nd Cir. 1965) as also acknowledging this exception. (The Mattel case is cited in Plaintiff's memorandum, at page 6, for the proposition that, "absent overriding considerations, the first filed action should take precedence," with which Defendant agrees.) However, Staflex is the exclusive distributor of the random spot



interlinings manufactured by Harodite and, moreover, Harodite, through its wholly owned subsidiary Harodite, New York, owns 50% of Staflex. Obviously, there is no similarity to the "customer actions." Moreover, Blonder-Tongue, supra, has eliminated as cornerstone of the rationale for making even "customer actions" an exception to the "first filed" rule, that cornerstone being "that a decree against the patent would still leave the patent owner free to sue other customers" (page 424 of Delamere, supra).

Actually Staflex is not a mere distributor of Harodite's product, i.e. a pair of hands doing Harodite's work, but it is the other way around. Staflex saw the product elsewhere and told Harodite to manufacture it (Astle deposition, page 7; Rodman, page 18). Harodite in effect is Staflex' pair of hands and Staflex is the real party in interest. This is borne out by the fact that counsel for Staflex and Harodite so far is being paid exclusively by Staflex (Rodman deposition, page 14).

Plaintiffs' argument that "The geographically remote District of Georgia can be nothing more than an attempt at forum shopping" is without substance. Moreover, the case they cite to support that argument, Rayco Manufacturing Co. v. Chicopee Manufacturing Co., 148 F. Supp. 588 (S.D.N.Y. 1957), is factually dissimilar from the present case and, by the Court's own characterization, an unusual departure from "the customary regard given to the plaintiff's exercise of its venue privilege" (Rayco, page 593 ).

"In the [Rayco] case, there are two forums affected, separated by only the width of a river and with the courts only a few miles from each other" (Rayco, page 593 ). In the present case, however, while implausibly characterizing Atlanta, Georgia as being "geographically remote," the Plaintiffs cannot bring themselves to deny that, apart from Atlanta, Georgia and the Southern District of New York, there is a third alternative, the District of Massachusetts. Harodite is a Massachusetts corporation with manufacturing facilities in Taunton, Massachusetts (page 6 of Plaintiffs' memorandum).

While Staflex contends Pellon is "headquartered" in New York, several months prior to institution of the Georgia action the President of Pellon moved his office and home to Massachusetts where Vice Presidents and other Pellon officers work and reside (see affidavit of Leonard Horn appended hereto as Exhibit B ), contrary to the statement at page 4 of Plaintiffs' memorandum that, "The executives of PELLON are located ... in New York City"). The technical personnel of Pellon are located in Massachusetts and Kentucky (page 4 of Plaintiffs' memorandum). Pellon's fusible interlining manufacturing facilities are at Lowell, Massachusetts, Chelmsford, Massachusetts and Hopkinsville, Kentucky (pages 3, 4 of Plaintiffs' memorandum).



In modern jet air travel, whether one flies between Boston and New York or between either Boston or New York and Atlanta, it is a short "hop". The court can take judicial notice that the scheduled flying time between New York and Boston is one hour and between either New York or Boston and Atlanta about two hours. Additional time expended in ground travel and circling due to air traffic congestion or similar incidents can be more significant than scheduled flying time. For example, Harodite's plant in Taunton, Massachusetts is about 45 miles from Boston's Logan Airport (Friedman deposition, page 20) and, due to various delays (recited at pages 15, 16 of the Friedman deposition), which would have been substantially the same regardless of the destination of Mr. Friedman's flight from Logan airport, it took Mr. Friedman approximately three and a half hours to travel from his home in Newton, Massachusetts, which is closer than Harodite's plant in Taunton to Logan Airport, to Pellon's counsel's office in midtown Manhattan (Friedman deposition, pages 3, 4, 20). If Atlanta, Georgia is "geographically remote" from New York, then so are Taunton and Newton, Massachusetts.

Reviewing, Pellon chose to sue where Staflex was publicly infringing but Staflex suggests Pellon should have sued where Pellon could not have possibly been so certain of infringement.

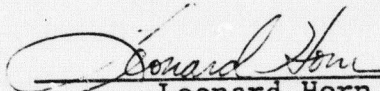
Staflex accuses Pellon of "forum shopping" but clearly it is the other way around. Staflex speaks of convenience of Massachusetts witnesses and then ends up proposing New York instead of Massachusetts.

To bar suit in Georgia because Staflex' headquarters are in New York would for practical purposes mean Staflex was immune from suit in Georgia- Staflex wishes to reap the benefits of doing business in Georgia but does not wish to bear the obligations attendant thereto.

It is respectfully submitted this Court should not lend its imprimatur to such action, should not enjoin Pellon from proceeding and, to the contrary, should defer the instant suit until determination of the Georgia action.

Respectfully submitted,

BURGESS, DINKLAGE & SPRUNG  
Counsel for Pellon Corporation

  
Leonard Horn

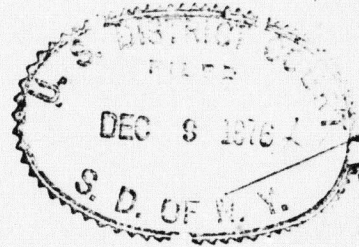
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PLAINTIFFS' REPLY MEMORANDUM OF LAW IN SUPPORT OF ITS  
MOTION FOR A RESTRAINING ORDER UNDER RULE 65 OF THE  
FEDERAL RULES OF CIVIL PROCEDURE

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



- - - - -X

STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC.,:

Plaintiffs, : CIVIL ACTION NO.

v. : 76 CIV. 5011

PELLON CORPORATION : JUDGE KNAPP

Defendant. :

- - - - -X

PLAINTIFFS' REPLY MEMORANDUM IN SUPPORT OF ITS  
MOTION FOR A RESTRAINING ORDER UNDER RULE 65  
OF THE FEDERAL RULES OF CIVIL PROCEDURE

Defendant Pellon opposes plaintiffs' motion to stay the Georgia Action against one of the plaintiff's, Staflex, until a final determination of this action on three principal grounds:

1. Pellon justifies its selection of the Georgia forum because Staflex was most publicly allegedly infringing the Pellon patent in Georgia;
2. The Blonder-Tongue doctrine of collateral estoppel has a bearing on the finality of the judgment in the action between Pellon and Staflex in Georgia;
3. It is just as convenient for the personnel of Pellon and Harodite to fly from Massachusetts to Atlanta, Georgia as it is to fly from Massachusetts to New York City.

All three of defendant's grounds are fatally defective and border on being specious for the following reasons:

GROUND ONE

Defendant argues that Plaintiff Staflex was publicly showing the allegedly infringing goods at the "Bobbin Show" in Atlanta, Georgia. However, Pellon does not claim that it was not aware that the Staflex Headquarters were located 20 blocks from its headquarters in New York City. Furthermore, the "public" activities of Staflex in Georgia were insufficient for venue purposes to maintain a patent infringement action in Georgia as 28 U.S.C. 1400(b) is a special venue provision which requires that a patent infringement action be brought

"where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."  
(emphasis added)

A booth at a trade show is not a "regular and established place of business" and, furthermore, Staflex has no customers for its allegedly infringing goods in Georgia (page 18 of Deposition of Sydney A. Astle taken on November 29, 1976) although it does have a sales office in Georgia.

Had Pellon sought the most logical and convenient forum rather than shop for a forum which it considered to be more favorable to a patentee, it certainly would have brought suit here in New York City.

The Affidavit of Leonard Horn sworn to on December 7, 1976 states that the president of Pellon moved his home and office to Massachusetts prior to the filing of the Georgia Action. However, Pellon has not denied the statement in the Affidavit of Martin Rodman sworn to on November 9, 1976 that Pellon



maintains its executive headquarters in New York City. In fact, Pellon has not presented any evidence that it has any contacts whatsoever with Georgia.

Since Staflex resides in New York City, the venue for the suit by Pellon against Staflex for patent infringement would have been proper under 28 U.S.C. 1400 had it been brought in the Southern District of New York in the first instance.

#### GROUND TWO

Defendant argues that the 1971 Decision of the Supreme Court in Blonder-Tongue Lab., Inc. v. University of Illinois Found., 402 U. S. 313 bears on the finality of an adverse judgment that may be entered in the Georgia Action and cites an unreported decision of Judge Neaher of the Eastern District of New York in Eutectic Corporation and New Metals Corporation v. Metco, Inc., 72 C 102 in support of this. Defendant correctly states that a decision of invalidity of Pellon's patent in Georgia would estop it from suing Harodite for infringement of the same patent. However, defendant utterly fails to reach the question of the affect of a favorable decision on its patent in the Georgia Action. If the Georgia Action should proceed in preference to the instant action and Pellon prevails against Staflex, there would be no binding effect or in rem determination of patent validity and infringement against Harodite as Harodite would not have had its day in court. Blonder-Tongue only held that a patent once declared invalid cannot be again sued on unless the patent owner can establish overriding circumstances. Blonder-Tongue did not change the law that an alleged infringer is entitled to his day in court.

Pellon has failed to establish that Harodite can be joined as a defendant in the Georgia Action and Harodite, as an independent manufacturer with no contacts in Georgia would have no reason to voluntarily intervene in the Georgia Action.

The unpublished decision of Judge Neaher is readily distinguishable. There, Metco, the defendant in the Eastern District Action had brought suit against Metalizing Company of America, Inc. ("MC") in Chicago. MC was an Illinois corporation headquartered in Chicago and not subject to suit in the Eastern District of New York. Thus, Metco was not guilty of forum shopping in that it selected the logical forum to sue MC. Furthermore, the attempt by MC to transfer the Chicago suit to the Eastern District of New York was characterized by Judge Neaher as "an abortive maneuver" since "the Chicago action could not originally have been brought in this District" as required by 28 U.S.C. 1404(a).

In the instant fact situation, Pellon could have brought its action against Staflex in the Southern District of New York because Staflex is headquartered here and this Court could, sua sponte transfer the Georgia Action to the Southern District of New York for consolidation with the instant action under 28 U.S.C. 1404(a).

Defendant in attempting to mold the instant fact situation to avoid the cases relied on in Plaintiffs' Memorandum of Law In Support of this Motion attempts to characterize Staflex as the only real party in interest. The Deposition of Robert J. Friedman, Vice President of Harodite taken by defendant on November 29, 1976 establishes to the contrary. Harodite is a manufacturer of fusible interlinings which it sells to Staflex



and to others and Mr. Friedman testified that Harodite and Staflex compete with one another in the sale of fusible interlinings (Friedman Deposition, page 14). Staflex has no say in the operation of Harodite (Friedman Deposition, page 16) and, while Harodite has no present plans to sell the allegedly infringing fusible interlinings to those other than Staflex, there is no contract between Harodite and Staflex that would prevent such independent sales activities by Harodite (Friedman Deposition, page 15). In fact, Martin Rodman, the Managing Director of Staflex testified during his deposition taken by defendant on November 29, 1976 that there was no contractual relationship between Harodite and Staflex not to sell the allegedly infringing fusible interlinings to anyone else and that Harodite could determine to sell such fusible interlinings as part of its line if the use of such goods in the industry becomes widespread.

Thus, even though Harodite through a wholly owned subsidiary corporation is a fifty per cent partner in Staflex Company, they are competitors in the sale of fusible interlinings and are independent entities with independent business purposes. These facts further distinguish over the decision of Judge Neaher in Eutectic Corporation and New Metals Corporation v. Metco, Inc., supra.

### GROUND THREE

Defendant further supports its argument that Georgia is a proper forum in which to proceed by pointing out that there is a third alternative forum for the issues between the parties, the District of Massachusetts. While both Harodite and Pellon are located in Massachusetts, it is submitted that such a point

is a non sequitur. Certainly, Pellon could sue Harodite for patent infringement in the District of Massachusetts as Harodite is a manufacturer of the allegedly infringing goods. However, the alternative of Massachusetts is irrelevant in the present posture of this matter.

Defendant then makes the specious argument that, because of modern jet air travel, it would be just as convenient for those in Massachusetts to travel to Atlanta as to New York City. Defendant has utterly failed to address the point that Staflex has its headquarters and all of its executive and technical personnel in New York City and that Pellon has its executive headquarters in New York City.

Finally, Pellon passes back the charge of "forum shopping". The charge is simply answered by a rhetorical question: "Is it forum shopping for a New York company headquartered in New York City and a Massachusetts corporation headquartered in Massachusetts to join together to resolve the issues between them and another New York corporation headquartered in New York City by filing an action in the Southern District of New York located in New York City?"

#### CONCLUSIONS

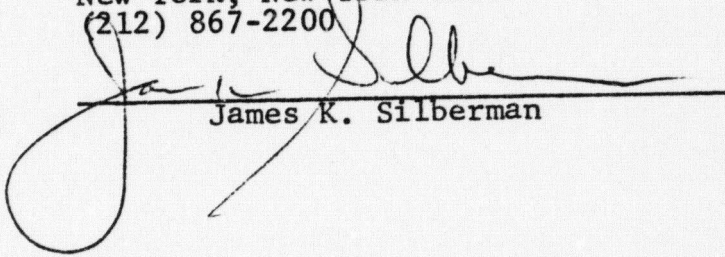
In view of all the foregoing, it is submitted that this action is the only one in which all of the issues between all of the parties can be determined and is the only one which suits the convenience of all of the parties. It is therefore requested



that plaintiffs' motion be granted and that an order be entered restraining defendant from further prosecution of the Georgia Action pending a final determination of this action.

Respectfully submitted,

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James K. Silberman

ORDER OF HON. WHITMAN KNAPP, U.S.D.J. DATED  
DECEMBER 13, 1976

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x

(SAME TITLE)

-----x

Except for the argument that a Georgia judgment would not be binding on Harodite, this is essentially a motion for change of venue on the ground of forum non conveniens. It seems to us that such a motion should be made in the Northern District of Georgia where the first action is pending. With respect to Harodite, if that corporation is willing to cooperate with Staflex to bring this action for the purpose of disposing of all questions between the parties, there is no reason to suppose it would not be similarly willing to do so in any other forum.

Accordingly, the motion is denied.

SO ORDERED

/s/ Whitman Knapp  
U.S.D.J. December 13, 1976

U. S. DISTRICT COURT  
FILED  
DEC 14 1976  
S. D. OF N. Y.



## NOTICE OF APPEAL

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

----- -X

STAFLEX COMPANY  
THE HARODITE FINISHING COMPANY, INC., :

Plaintiffs - Appellants:

v. :

PELLON CORPORATION, :

Defendant - Appellee :

----- -X

CIVIL ACTION NO.

76 Civ. 5011

Judge Knapp

FILED  
U.S. DISTRICT COURT  
S.D. OF N.Y.  
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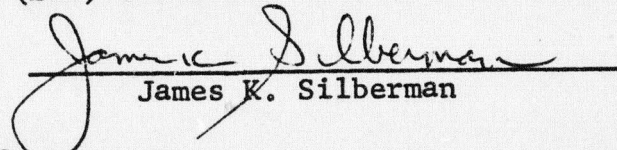
NOTICE OF APPEAL

Notice is hereby given that STAFLEX COMPANY and THE HARODITE FINISHING COMPANY, INC., plaintiffs above named, hereby appeal to the United States Court of Appeals for the Second Circuit from the order of Judge Knapp dated December 13, 1976 and filed December 14, 1976 denying plaintiffs' motion for an order restraining defendant, until a final determination of this action, from further prosecution of an action filed against Staflex Company, one of the plaintiffs herein, in the United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. C76-1520A.

New York, New York

January 12, 1977

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TO: BURGESS, DINKLAGE & SPRING  
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STATE OF NEW YORK )  
COUNTY OF NEW YORK) ss.:

NELSON VAZQUETELLES, being duly sworn,  
deposes and says that deponent is not a party to the action,  
is over 18 years of age and resides at 340 AMSTERDAM AVE  
NEW YORK, N.Y..

That on the 24 day of FEBRUARY, 1977,  
deponent personally served the within JOINT APPENDIX

upon the attorneys designated below who represent the  
indicated parties in this action and at the addresses below  
stated which are those that have been designated by said  
attorneys for that purpose.

By leaving 2 true copies of same with a duly  
authorized person at their designated office.

~~By depositing true copies of same enclosed  
in a postpaid properly addressed wrapper, in the post office  
or official depository under the exclusive care and custody  
of the United States post office department within the State  
of New York.~~

Names of attorneys served, together with the names  
of the clients represented and the attorneys' designated  
addresses.

BURGESS, DINKLAGE & SPRUNG  
ATTORNEYS FOR DEFENDANT-APPELLEE  
600 THIRD AVE.  
NEW YORK, N.Y. 10016

Sworn to before me this

24<sup>th</sup> day of February, 1977

Nelson Vazquetelles

Michael DeSantis  
MICHAEL DeSANTIS  
Notary Public, State of New York  
No. 03-0930908  
Qualified in Bronx County  
Commission Expires March 30, 1977